

# DAILY REPORT

## Asia & Pacific

Vol IV No 011

16 January 1986

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ABE-SHEVARDNADZE FOREIGN MINISTERIAL TALKS BEGIN

## SDI, Arms Control Discussed

OW151135 Tokyo KYODO in English 1126 GMT 15 Jan 86

[Excerpt] Tokyo, Jan. 15 KYODO -- Soviet Foreign Minister Eduard Shevardnadze warned Japan Wednesday it should give top priority to its own national interest in contemplating its participation in the U.S. Strategic Defense Initiative (SDI) which he said would further escalate the arms race. Shevardnadze issued the warning in a two and a half-hour meeting here with Foreign Minister Shintaro Abe who said the Japanese Government will make an independent decision on whether or not to join in the research phase of the space-based anti-missile defense program.

Arguing that the current global situation is in a "dangerous" state, the Soviet foreign minister advised the Japanese to take into consideration their own national interest in dealing with the SDI issue, a Japanese Foreign Ministry official said.

Shevardnadze met with Abe at the heavily-guarded Iikura Guesthouse shortly after his arrival in Tokyo on a five-day visit, the first by a Soviet foreign minister in a decade.

The Soviet foreign minister blasted SDI as "an extension" of the arms race and called last November's U.S.-Soviet summit as "just a step" in the long road toward arms control and disarmament, the Japanese official said.

Abe's talks with Shevardnadze in Tokyo marked the resumption of regular ministerial consultations which were last held in Moscow in 1978 before the Soviet invasion of Afghanistan.

Abe told Shevardnadze that the Japanese Government is studying whether to join in SDI's research phase, as America's two European allies -- Britain and West Germany -- have done, by taking into account Japan's security arrangements with the United States.

Abe in a gesture of Japanese determination to win the reversion of four Soviet-controlled islands personally welcomed Shevardnadze at Haneda airport.

In an arrival statement, the Soviet foreign minister said he came to Japan with "a sincere desire" and expectations of "a wind of good changes" in Japan-Soviet relations which have soured in recent years as a result of East-West tensions.

Abe and Shevardnadze discussed during their Wednesday session overall East-West relations, including arms control, SDI in relation to the past U.S.-Soviet summit and Japan's potential participation in its research program and the growing Soviet military buildup in the Far East, according to the official.

The Foreign Ministry official said the two foreign ministers agreed to devote the second and third round of their talks Thursday to other international issues like regional conflicts and Japan-Soviet relations, including trade. The territorial issue is also expected to be taken up.

Foreign Minister Abe, voicing grave concern about the deployment of SS-20 missiles and other arms, requested the Soviets to reduce their military arsenal in the Far East as a step to reduce the tension in the region.



Shevardnadze's warning against Japanese participation in SDI's research came as Japanese and American officials were gathering in Hawaii to explore steps to strengthen their defense cooperation.

The new Soviet leadership under General Secretary Mikhail Gorbachev decided to send the foreign minister to Japan as part of "peace offensive" aimed at dividing the Western alliance, according to a Soviet affairs analyst in the Japanese Foreign Ministry. The analyst also said the Soviets are trying to use Shevardnadze's visit here to obtain Japanese capital and technology for their economic development program. Officials said Japan considers his trip here "the most important" development in Japan-Soviet relations in recent years and "a starting point" for improving bilateral relations.

Foreign Minister Abe in his talks Thursday with Shevardnadze is certain to raise the territorial issue which, in Japan's view, has been the major "fundamental" question and one of "unresolved problems" since normalization of diplomatic relations in 1956.

A Foreign Ministry official told reporters the Abe-Shevardnadze meeting took place in a "frank and businesslike" manner at which the Soviet foreign minister proposed that the two countries will from now on continue regular ministerial consultations. The official added that Shevardnadze made no "direct reference" to the Soviet proposal for an Asian security scheme that Gorbachev originally made last year.

The Soviet foreign minister will confer with Prime Minister Yasuhiro Nakasone Saturday morning.

A joint communique may be issued by the time Shevardnadze holds his first news conference in a noncommunist, industrialized country at Japan National Press Club Sunday.

#### Second Round Of Talks

OW160143 Tokyo KYODO in English 0136 GMT 16 Jan 86

[Excerpts] Tokyo, Jan. 16 KYODO -- Japanese and Soviet Foreign Ministers Shintaro Abe and Eduard Shevardnadze began their second round of discussions here Thursday. Abe and Shevardnadze will devote the morning session to discussions on the international situation, particularly on Asia, Japanese officials said. The two men will go into a third round in the afternoon to take up bilateral affairs which the officials said will include Japan's claim to the Soviet-occupied northern territories.

The Soviet foreign minister is scheduled to meet Prime Minister Yasuhiro Nakasone on Saturday and to give a press conference on Sunday. He will leave Japan Sunday for this next stop in North Korea and will then visit Mongolia.

Before entering into the second round, Foreign Minister Abe said the Soviets have taken a restrained attitude in the discussions. Abe told reporters Shevardnadze and his team did not repeat their usual accusation on U.S. nuclear arms and also did not cry loudly against Japanese-U.S. relations.

The foreign minister said he has perceived a shift in ways of Soviet diplomacy from Shevardnadze's predecessor Andrey Gromyko, who is currently president of the Supreme Soviet Presidium or head of state.

Meanwhile, Shevardnadze will meet Japan Socialist Party leader Masashi Ishibashi at the Soviet Embassy Saturday, party officials said.



## USSR Disarmament Plans

OW160413 Tokyo KYODO in English 0400 GMT 16 Jan 86

[Excerpt] Tokyo, Jan. 16 KYODO -- Soviet Foreign Minister Eduard Shevardnadze, in his second round of talks with his Japanese counterpart Shintaro Abe, said Thursday his country is seeking global peace through arms control and disarmament proposals, including an Asian security scheme. Shevardnadze was also understood to have mentioned General Secretary Mikhail Gorbachev's new nuclear disarmament proposal, although Japanese and Soviet officials refused to elaborate on the content of his talks with Abe.

Japanese Foreign Ministry officials said the Soviet foreign minister explained his country's arms control and disarmament stands in relation to domestic social and economic realities.

Although details of the foreign ministers' talks were withheld at the request of the Soviet side, the Japanese officials said Shevardnadze also spoke on the Soviet Union's "confidence-building proposals, the Asian security proposal" and Soviet policy on the Korean peninsula.

The Thursday morning session followed a two-and-a-half-hour meeting Wednesday afternoon between the foreign ministers, representing the restart of regular ministerial consultations after a seven-year recess.

During the second round of talks, held at the Iikura Guest House under tight security, Shevardnadze expressed serious concern about the presence of the U.S. military forces in the Asian region, Japanese officials said. Shevardnadze's remarks about the U.S. military presence were apparently aimed at countering Foreign Minister Abe's statement Wednesday on Japanese anxiety over the deployment of SS-20 missiles and the beefed-up Soviet Pacific fleet.

Abe and Shevardnadze will hold a third round of talks Thursday afternoon in which Abe is expected to call on the Soviet Union to return four northern islands which the Soviets have held since the closing days of World War II.

The two men are also scheduled to discuss trade and other aspects of Japan-Soviet relations during the third session.

As Abe and Shevardnadze resumed discussions, the Foreign Ministry issued a statement on Gorbachev's disarmament proposal calling for elimination of all nuclear weapons by the year 2000 in three stages. The statement did not spell out Japan's position on the fresh Soviet proposal other than to emphasize the need for Western solidarity and further study on the subject.

Shevardnadze will attend a reception Thursday evening at the Foreign Ministry hosted by Abe and his wife Yoko before having a private dinner with his Japanese host.

On Friday, the Soviet foreign minister will visit a Tokyo park and an auto factory on the outskirts of the Japanese capital.

Shevardnadze on Saturday will call on Prime Minister Yasuhiro Nakasone who may propose an exchange of visits by him and Gorbachev if such trips promise a breakthrough in bilateral relations, long strained by the northern territorial issue.

## News Conference Postponed

OW160811 Tokyo KYODO in English 0759 GMT 16 Jan 86

[Text] Tokyo, Jan 16 KYODO -- Foreign Minister Shintaro Abe is postponing his Thursday night news conference, apparently because of an unscheduled extra session Friday with his Soviet counterpart Eduard Shevardnadze, the ministry said. The foreign ministers are expected to primarily discuss the thorny territorial dispute and other outstanding bilateral problems during the extra session, Foreign Ministry officials hinted.

Meanwhile, Foreign Ministry Spokesman Yoshio Hatano said at a news conference that Abe and Shevardnadze are currently holding the third and final round of their scheduled ministerial talks at the heavily-guarded Iikura Guest House near the Soviet Embassy.

ABE's press conference at the Foreign Ministry had been scheduled to start at 10 p.m.

During their discussions so far since Wednesday afternoon, Hatano said, the Foreign Ministers have dealt with arms control, disarmament, regional conflicts and other international issues. But the normally amicable Foreign Ministry spokesman was less talkative than usual because of the Soviet Union's request to keep the publication of the content of Abe-Shevardnadze talks to a minimum.

Asked if the Soviets are complaining about noisy protests from ultrarightists, Hatano said: "I have not heard any official or formal complaint from the Soviet Union about the protests." He added that Japanese police are in "effective control" of the situation, keeping the protesters at bay.

Referring to a long time lag in briefing foreign correspondents on the Abe-Shevardnadze talks, Hatano said a trip by car between the ministry and the Iikura Guest House takes "more than one hour" to go through rigorous police inspection instead of the ordinary 10 to 15 minutes.

## Joint Statement Agreed

OW161043 Tokyo KYODO in English 1041 GMT 16 Jan 86

[Text] Tokyo, Jan 16 KYODO -- Soviet Foreign Minister Eduard Shevardnadze and his Japanese counterpart Shintaro Abe Thursday agreed to issue a joint communique after their marathon talks here. Foreign Ministry officials said the two sides agreed to begin work on the joint statement following discussions on their basic positions toward the territorial issue involving Soviet-held northern islands.

## NHK: Talks Conclude

OW161055 Tokyo NHK Television Network in Japanese 1000 GMT 16 Jan 86

[Text] The first regular consultations between the Japanese and Soviet foreign ministers, which opened yesterday, came to an end today after two rounds of talks centering on the northern territorial issue as a key subject.

[Begin NHK reporter Takayuki Fujimori recording] Following their initial rounds of talks yesterday, Soviet Foreign Minister Shevardnadze and Japanese Foreign Minister Abe held two more rounds of talks today, one in the morning and another in the afternoon.

Continuing from yesterday, the two foreign ministers discussed the international situation in the morning round. They exchanged views on problems such as the situation on the Korean peninsula, the Cambodian question, and problems concerning security in Asia.

Beginning at 1430 [0530 GMT], the two foreign ministers discussed bilateral issues, the northern territorial issue in particular. The consultations ended just a short while ago, and no details of the views exchanged on this issue are available yet. However, one thing seems certain, that is, the Japanese side asked for Soviet confirmation that the northern territory issues is an unsettled one and pressed the Soviet Union to agree to resume negotiations to sign a peace treaty.

Through the negotiations which had taken place prior to the current foreign ministerial consultations, the Soviet Union showed its readiness to agree to negotiations to sign a peace treaty but refused to budge from its past position that the northern territorial issue, the key issue, had long been settled. Since Foreign Minister Shevardnadze expressed strong desire for improvements in Japan-USSR relations at the outset of yesterday's consultations, attention is now focused on what kind of final political judgment he showed concerning the northern territorial issue, which stands as the greatest obstacle to improving Japan-USSR relations. [end recording]

#### Both Address Reception

OW161129 Tokyo KYODO in English 1120 GMT 16 Jan 86

[Text] Tokyo, Jan 16 KYODO -- after a total of nine hours of talks, Soviet Foreign Minister Eduard Shevardnadze and his Japanese counterpart Shintaro Abe said Thursday their discussions were conducted in a sincere, frank and businesslike manner. The two ministers were addressing a reception held at the Foreign Ministry in honor of Shevardnadze and his wife Nanuli after three rounds of marathon talks Wednesday and Thursday between them. The reception, hosted by Abe, was attended by some 300 Japanese and foreign politicians, businessmen and diplomats. Shevardnadze praised the governments of the Soviet Union and Japan for having reopened the foreign ministerial dialogue after an eight-year lapse. The important thing is, shevardnadze said, that "we are satisfied not only with the fact that the dialogue has resumed but also with the contents of the dialogue (actually held)." Abe stressed in his speech the importance Japan attaches to its relations with the Soviet Union and said there are a lot of problems between the two nations to be resolved, including "the basic post-war issue still pending." These words usually connote in Japan the territorial issue involving the Soviet-occupied four islands east of Japan's northernmost main island of Hokkaido. The Soviet Union has said there is no territorial issue pending with Japan. The northern territory issue was believed to be a main theme of discussions at the third and final round of Abe-Shevardnadze talks Thursday afternoon. Abe hoped the Soviet Government would deal with the matter in a constructive manner, saying that bilateral relations cannot be truly developed without resolving the problem.

#### SHEVARDNADZE ON USSR NEW DISARMAMENT PROPOSAL

OW161119 Tokyo NHK Television Network in Japanese 1000 GMT 16 Jan 86

[Excerpts] Regarding the new Soviet proposal for nuclear disarmament issued by General Secretary Gorbachev on 15 January, Foreign Minister Shevardnadze stated this evening that if the United States would reduce its nuclear missiles in the Far East, the USSR would also be ready to respond by reducing its nuclear missiles there, including the SS-20's.



Regarding this new proposal, Foreign Minister Shevardnadze stated in his speech at the reception hosted by Foreign Minister Abe this evening as follows:

If the number of nuclear delivery vehicles in the Far East for countering Soviet missiles should be reduced, the number of Soviet nuclear missiles in the Far East would also be reduced. In view of the substance of the proposal, nuclear weapons will also be abolished in this region. Foreign Minister Shevardnadze disclosed that if the United States would reduce nuclear missiles in the Far East, the USSR would also be ready to respond by reducing nuclear missiles in the Far East, including SS-20's.

Japan has persistently maintained its position regarding negotiations on the reduction of intermediate-range nuclear missiles that nuclear disarmament should be carried out on a global basis without sacrificing Asia. What is noteworthy is that in making these remarks, though with some conditions, Foreign Minister Shevardnadze seems to have taken Japan's position into consideration.

Meanwhile, Chief Cabinet Secretary Gotoda touched on General Secretary Gorbachev's proposal at a press conference today and stated that it would be desirable to have nuclear abolition but that in various stages towards abolition, the superpowers should agree on reducing nuclear arms in a balanced way. He also stated that for Japan, it would be necessary to point out that in the process, nuclear disarmament and abolition in the Far East in particular should not be forgotten.

#### GOVERNMENT RESPONDS TO GORBACHEV ARMS PROPOSAL

OW160331 Tokyo KYODO in English 0303 GMT 16 Jan 86

[Text] Tokyo, Jan 16 KYODO -- Japan, in response to Soviet leader Mikhail Gorbachev's fresh disarmament plan, said Thursday Japan cannot condone too much emphasis on Western Europe regarding intermediate-range nuclear forces and called anew for Western solidarity. The Foreign Ministry in a statement withheld direct comment on Gorbachev's three-stage nuclear disarmament proposal which came as Soviet Foreign Minister Eduard Shevardnadze began a five-day visit to Japan. But the statement reiterated Japan's long-standing policy to seek a withdrawal of Soviet SS-20 missiles from Asia in case the Soviets decide to pull such missiles out of Western Europe. Arms control and disarmament issues took up a considerable portion of discussions Wednesday between Shevardnadze and his Japanese counterpart Shintaro Abe.

The new Soviet proposal calling for abolition of nuclear weapons by the year 2000, the Foreign Ministry said, entails further study before Japanese Government expands its comments on it. Gorbachev's attitude toward disarmament is worth attention, the ministry said. The Japanese statement called for Western solidarity and consolidation and pledged Tokyo's resolve to closely follow future arms control and disarmament talks between the United States and the Soviet Union.

#### AMBASSADORS URGE USSR WITHDRAWAL FROM AFGHANISTAN

OW141031 Tokyo KYODO in English 0948 GMT 14 Jan 86

[Text] Tokyo, Jan 14 KYODO -- Japanese Ambassadors to five Southwest Asian Countries called Tuesday for a pullout of Soviet troops from Afghanistan to bring about regional stability and ease global tensions.

Ending two days of talks at the Foreign Ministry, the ambassadors agreed that the formation of the seven-nation South Asian Association of Regional Cooperation (SAARC) last month is a preliminary but positive step toward stabilizing the region.

A Foreign Ministry official said the Japanese ambassadors to India, Sri Lanka, Nepal, Pakistan and Bangladesh made the assessment during an annual review of developments in Southwest Asia with ministry officials.

The envoys joined the acting Japanese ambassador in Afghanistan in urging the Soviet Union to withdraw its troops from Afghanistan to achieve regional stability, the Foreign Ministry official said. Japan recalled its ambassador shortly after Soviet troops moved into Afghanistan.

The ambassadors and Foreign Ministry officials decided during the two-day meeting that Japan should boost financial aid to Afghan refugees to alleviate their suffering. Afghan refugees in Pakistan are estimated at 2.66 million and those in Iran at 1.88 million.

The Afghanistan issue, which was discussed by U.S. President Ronald Reagan and Soviet leader Mikhail Gorbachev during their summit in Geneva in November, will be also covered by talks here between Foreign Minister Shintaro Abe and his Soviet counterpart Eduard Shevardnadze who arrives in Tokyo Wednesday.

The ambassadors also stressed the need for Japan to foster SAARC, which groups India, Pakistan, Bangladesh, Sri Lanka, Nepal, Bhutan and the Maldives. Leaders of the seven countries formed the association during their first summit in Dhaka in December.

The Foreign Ministry official said the Japanese envoys called for Japan to give active economic and technological assistance to the countries they are assigned to and seek a more frequent exchange of top-level contacts. The envoys hailed Indian Prime Minister Rajiv Gandhi's efforts to ease regional tension through talks with Pakistani President Mohammad Ziaul Haq and other regional leaders. But they also noted that the Gandhi government still faces problems involving Sikhs, Tamils and other minorities in his country as well as growing opposition against his ruling party.

#### WATANABE DEPARTS FOR TRADE MEETING IN SAN DIEGO

OW151045 Tokyo KYODO in English 1041 GMT 15 Jan 86

[Text] Tokyo, Jan. 15 KYODO — Michio Watanabe, minister of international trade and industry, left for the United States Wednesday evening to attend a trade ministers' meeting with the U.S., Canada and European Community (EC), scheduled to be held January 16-18 in San Diego, California. Discussions at the meeting will center on the planned new round of multilateral trade negotiations.

#### FINANCE MINISTRY REPORTS 85 RECORD TRADE SURPLUS

OW160555 Tokyo KYODO in English 0546 GMT 16 Jan 86

[Text] Tokyo, Jan. 16 KYODO — Japan had a record 46.14 billion dollar trade surplus in 1985, up sharply from the previous year's 33.61 billion dollar surplus, the Finance Ministry announced Thursday.

HO TAM MEETS VISITING JAPANESE LDP MEMBER

SK161109 Pyongyang KCNA in English 1029 GMT 16 Jan 86

[Text] Pyongyang January 16 (KCNA) -- Ho Tam, member of the Political Bureau, and secretary of the Central Committee of the Workers' Party of Korea, on January 16 met Yoichi Tani, member of the House of Representatives from the Liberal-Democratic Party of Japan and acting chairman of the Dietmen's League for the Promotion of Japan-Korea Friendship, and his party and had a conversation with them in a friendly atmosphere at the Mansudae assembly hall. On hand was Kim U-chong, chairman of the Friendship Association for Promotion of Korea-Japan Amity.

NODONG SINMUN DENOUNCES CHON AS PRO-JAPANESE

SK150535 Pyongyang KCNA in English 0525 GMT 15 Jan 86

[Text] Pyongyang January 15 (KCNA) -- The South Korean dictator Chon Tu-hwan, when he met Yoshihiko Zutsiya, a Japanese Liberal Democratic upper house member, visiting South Korea a few days ago, uttered the rigmarole that the situation on the Korean peninsula "has hit the danger line" and mumbled that a South Korean visit of Japanese "crown prince and princess" was "desirable".

In a commentary captioned "Revelation of Congenital Pro-Japanese Treacherous Mentality" NODONG SINMUN today says that the mean low posture of Chon Tu-hwan the puppet towards Japan disclosed his pro-Japanese treacherous mentality in his bid to tighten the criminal compact with the Japanese reactionaries and prolong his political days with their patronage.

The author of the commentary further says: Chon Tu-hwan the traitor was trained into a pro-Japanese vassal before he came of age. He is a despicable flunkeyist traitor who vowed to "design a new age" with Japan, advocating the theory of "common territory" and the doctrine of "common destiny" of South Korea and Japan.

In tightening criminal tie-up with the Japanese reactionaries, traitor Chon Tu-hwan pursues the filthy aim of speeding up the formation of a three-way military alliance involving the United States, Japan and South Korea which has reached the finishing state, reducing South Korea more thoroughly to a market, a site of investment and a source of cheap labor force for Japan and placing it under the military control of the Japanese "Self-Defence Forces" and thereby maintaining his power in reliance upon the Japanese reactionaries as well as the United States. But, it is foolish of the puppet to try to prolong their days by strengthening their criminal collusion with the Japanese reactionaries.

PAPERS DENOUNCE U.S. SANCTIONS AGAINST LIBYA

SK160519 Pyongyang KCNA in English 0507 GMT 16 Jan 86

[Text] Pyongyang January 16 (KCNA) -- Commenting on the t-point strategy worked out by the Reagan administration to isolate Libya politically, militarily and economically, NODONG SINMUN and MINJU CHOSON today denounce it as one to suffocate Libya politically and economically and venture an open armed invasion.



The author of a commentary of NODONG SINMUN says: The U.S. imperialists have escalated their manoeuvres against Libya advancing along the road of independence against imperialism, regarding this country as an obstacle from long ago in the way of their policy of aggression and intervention in the Middle East and Northern Africa. But their manoeuvres were frustrated each time by the decisive struggle of the Libyan people who maintain a resolute anti-imperialist stand. The U.S. imperialists shifted the responsibility for the explosions at the international airports in Rome and Vienna on to Libya which has nothing to do with them, and are challenging Libya under this pretext. This is a wanton infringement upon and vicious provocation against the independence, territorial integrity and sovereignty of Libya. The so-called "terrorism" of Libya over which the United States is raising quite a row is an absurd fabrication. The United States claims that it tries to prevent "terrorism" while others commit it. Then, is it not "terrorism" to dispatch aggression armed forces to other countries and frame plots to overthrow legitimate governments?

With no moves can the U.S. imperialists bring the Libyan people to their knees or realise their aggressive design. The U.S. imperialists must discontinue the anachronistic anti-Libyan campaign and take their hands of intervention off Libya.

#### GROUPS SEND SOLIDARITY MESSAGES TO LIBYA

SK160503 Pyongyang KCNA in English 0453 GMT 16 Jan 86

[Text] Pyongyang January 16 (KCNA) -- The Central Committee of the General Federation of Trade Unions of Korea, the Central Committee of the League of Socialist Working Youth of Korea, the Korean Democratic Lawyers Association, the Korean Committee for Solidarity With the World People, the Korean National Peace Committee and the Korea-Libya Friendship Association in their messages of solidarity sent to their counterparts of Libya expressed full support to the just struggle of the Libyan people against the U.S. imperialists and the Israeli aggressors.

The messages vehemently denounced the aggressive moves of the U.S. imperialists and Israel against the friendly Libyan people as a brigandish infringement upon the sovereignty and territorial integrity of the Socialist People's Libyan Arab Jamahiriya and a grave threat to world peace and security and strongly demanded the U.S. imperialists and the Israeli aggressors to put a prompt end to the aggressive and interventionist manoeuvres against Libya and withdraw at once the forces of aggression massed in this region. The messages said that the Korean people would as ever stand firm on the side of the Libyan people at all times in defending their national independence and dignity and actively support and encourage their just cause with might and main.

#### NODONG SINMUN SAYS TERRORISM U.S. STATE POLICY

SK140501 Pyongyang KCNA in English 0449 GMT 14 Jan 86

[Text] Pyongyang January 14 (KCNA) -- NODONG SINMUN in a commentary today says that the Reagan administration is standing further naked as an international terrorist.

Quoting an American journal which disclosed that the Reagan administration was reinforcing what it calls "anti-terrorist" paratroops and stationing new paratroop detachments in South Korea and other areas, the author of the commentary says.

These moves of the U.S. imperialists are indicative of their scheme to get into full stride in their terrorist policy against the socialist and other progressive and revolutionary countries. Terrorism is a state policy of the United States. This policy has been stepped up full blast after the emergence of the Reagan administration. The cases of terrorist operations engineered by the United States behind the scene have increased five times during Reagan's office.

The Grenada incident has been followed by a train of other terrorist acts of the U.S. imperialists in every part of the world, e.g., the manoeuvre to overthrow the present Government of Nicaragua in Central America, the threat and blackmail to Libya, support and protection of the terrorism of Israel, South African racist clique and the Angolan counter-revolutionaries and hijacking of Egyptian and Indian airliners. The first targets of their terrorism are, without exception, independent countries which refuse to be tame cats of the United States.

The deployment of special paratroops in South Korea by the U.S. imperialists is intended to launch into a harassing operation by intruding into our rear "in the event of contingency" and venture a "forestalling strike". The "prevention of terrorism" about which the U.S. authorities are quite loud-mouthed is no more than a camouflage for the terrorist policy of the United States itself.

#### SPECIAL ARTICLE ON SUCCESS OF N-S DIALOGUES

SK130515 Pyongyang KCNA in English 0505 GMT 13 Jan 86

[Text] Pyongyang January 13 (KCNA) -- NONDONG SINMUN January 12 carried a signed article titled "Detente Is Important Way of Guaranteeing Success of North-South Dialogues". The daily says that in his new year address the great leader Comrade Kim Il-song reclarified the unshakable stand of our party and the government of the DPRK on the North-South dialogues and explained it as one of the principled demands to be maintained without fail by both sides to the dialogues in advancing them to ease the tension and create favorable environments for the dialogues.

The North-South dialogues are aimed to improve the North-South relations, restore the severed bonds of the nation and accelerate the reunification of the country. If the tension is to be eased and favourable environments and conditions for the North-South dialogues are to be provided on the Korean peninsula, it is imperative to refrain from acts inciting discord and confrontation or heightening the tension and to remove their factors one by one, the daily notes, and says: The sixth North-South economic talks are slated for January and the third preliminary contact for North-South parliamentary talks and the eleventh North-South Red Cross talks for February this year. At present the whole nation and the peaceloving people of the world are closely watching the attitude of the South side, unanimously hoping that these dialogues will proceed successfully and a bright prospect for peace in Korea and her reunification open.

If the South Korean side holds large-scale joint military exercises as it did last year, disregarding the fact that the world has set this year as a year of peace, it will show itself that it has no intention to hold dialogues.



If the fundamental problem in achieving the reunification of Korea peacefully is to be settled, it is essential to realise our proposal for tripartite talks involving the DPRK, the United States and South Korea envisaging the replacement of the Korean Armistice Agreement with a peace agreement and adoption of a non-aggression declaration between the North and the South. The North-South dialogues can be successful only when a firm guarantee for peace is secured.

If the United States and the South Korean authorities sincerely desire dialogues and are interested in peace in Korea and her peaceful reunification, they must refrain from reckless acts increasing the tension and accede without delay to our reasonable and fair proposal for tripartite talks.

#### KULLOJA ON NORTH-SOUTH DIALOGUES, NEGOTIATIONS

SK160451 Pyongyang KCNA in English 0438 GMT 16 Jan 86

[Text] Pyongyang January 16 (KCNA) -- A signed article headlined "Dialogues and Negotiation Should Be Held To Come Up to National Expectation and the Idea of Reunification" is carried in the politico-theoretical organ of the Central Committee of the Workers' Party of Korea KULLOJA No. 1, 1986. Noting that the Workers' Party of Korea and the DPRK Government have made every sincere effort possible to promote the North-South dialogues and negotiation to come up to the expectation of the nation and the idea of reunification, the article says: It is entirely due to the move of the South Korean puppet clique that multi-channelled dialogues and negotiations now under way between the North and the South in Korea have failed to see a progress and desired results.

The South Korean puppets have turned their faces away from our fair proposal for constituting the North-South joint committee for economic cooperation as an authoritative body for negotiation and execution, effecting in a big way economic collaboration and commodity exchange between the North and the South, realising free travel of families and relatives living separated in the North and the South and alleviating their sufferings. Further, they have complicated the discussions at the North-South economic and Red Cross talks and created artificial difficulties at the dialogues by bringing forward such questions as "exhibition delivery of 300,000 tons of coal" and "exhibition exchange of home-visiting groups".

At the preliminary contact for North-South parliamentary talks, too, the South Korean authorities acted contrary to the expectation of the nation and the idea of reunification. They have indefinitely put off the third round of the preliminary contact under the pretext of "parliamentary session" and "internal reasons". Concerning the agenda of the North-South parliamentary talks, too, they are insisting in an absurd way on discussing only the question of instituting a "unified constitution" proposed by them despite our magnanimity and tolerance. At the same time, the South Korean puppets are maliciously inciting anti-communist confrontation behind the curtain of the dialogues to lay artificial difficulties in the way of the North-South dialogues and negotiations.

If the multi-channelled dialogues between the North and the South are to be held to come up to the expectation of the nation and the idea of reunification, both sides should take a proper stand and attitude towards them.



The South Korean authorities should take the stand to reunify the country through the dialogues and negotiations and discontinue acts contradictory to the expectation of the nation and the idea of reunification. They must, first of all, refrain from acts heightening the tension between the North and the South.

The U.S. imperialists must accept without delay our proposals for ensuring security in the headquarters area of the Military Armistice Commission and withdrawing arms from there and for restricting military exercises and stop at once all military provocations wrecking peace on the Korean peninsula and obstructing the progress of the North-South dialogues. For the good results of the North-South dialogues, the South Korean side must show positive sincerity in advancing the dialogues. If the South Korean side approaches the dialogues with a correct posture and stand, and takes an honest attitude the multi-channelled dialogues will bear fine fruit, high-level political talks be realized and a favourable phase be opened in the North-South relations for reconciliation, unity and reunification.

#### KIM IL-SONG RECEIVES PERUVIAN DELEGATION

SK151053 Pyongyang KCNA in English 1021 GMT 15 Jan 86

[Text] Pyongyang January 15 (KCNA) -- The great leader President Kim Il-song on January 15 received the visiting government delegation of the Republic of Peru headed by Maximo Agustin Mantilla, vice-minister of interior of Peru. On hand were Pak Chung-kuk, colonel general of the Korean People's Army, and Chon Chae-hong, vice-minister of foreign affairs. The head of the delegation conveyed to President Kim Il-song a personal letter and a gift from Alan Garcia Perez, president of the Republic of Peru. President Kim Il-song expressed thanks for this and conversed with the guests in a warm, friendly atmosphere.

#### COMMODITY DELIVERY PROTOCOL WITH CSSR SIGNED

SK140447 Pyongyang KCNA in English 0442 GMT 14 Jan 86

[Text] Pyongyang January 14 (KCNA) -- A protocol on commodity delivery and payments for 1986 between the governments of Korea and Czechoslovakia was signed in Pyongyang on January 13.

It was signed on our side by Song Hui-chol, vice-minister of foreign trade, and on the opposite side by Jan Stracar, vice-minister of foreign trade.

#### COMMODITY PROTOCOL WITH BULGARIA SIGNED

SK160453 Pyongyang KCNA in English 0446 GMT 16 Jan 86

[Text] Pyongyang January (KCNA) -- A protocol on commodity delivery and payments for 1986 between the Governments of Korea and Bulgaria was signed in Pyongyang on January 15. It was signed by Vice-Minister of Foreign Trade Hong Hak-su and Vice-Minister of Foreign Trade Marin Marinov who is heading the Bulgarian Government delegation.

'COBRA GOLD' EXERCISE MOVE PROTESTED, DENOUNCED

BK151340 Phnom Penh Domestic Service in Cambodian 1300 GMT 15 Jan 86

[15 January statement by PRK Foreign Ministry spokesman]

[Text] According to an AFP report dated 11 January 1986, Admiral Nippon Sirithon, commander of the Thai Navy said in Bangkok that the United States and Thailand have decided to move the site of the annual U.S.-Thai military exercise codenamed "Cobra Gold" from the area in southern Thailand to an area along the Thai-Cambodian border in Chanthaburi or Trat Province. This decision, made after frantic efforts by Washington, Beijing, and Bangkok to boost the morale of the Pol Pot remnants and Cambodian reactionary forces -- faced with serious failure and unavoidable defeat -- is a deliberate provocation against the PRK and the Cambodian people. It is a gross threat to the sovereignty and territorial integrity of Cambodia and a great obstacle to current efforts of many countries in Southeast Asia and around the world to resolve through negotiations the question of peace and stability in this region.

The PRK strongly protests and categorically denounces this arrogant and dangerous decision of the U.S. imperialists and ultrarightist reactionaries among the Thai leaders and demands that the United States and Thailand immediately abandon this decision which will bring serious consequences. The Cambodian Armed Forces and people, who have heightened their vigilance and fighting spirit, are determined to take every necessary measure to thwart every maneuver and unfriendly act to defend their sovereignty and territorial integrity. The Thai authorities must be held responsible for all consequences resulting from this adventure against the PRK.

[Dated] Phnom Penh, 15 January 1986

HUN SEN RECEIVES CSSR PLANNING DELEGATION

BK151218 Phnom Penh Domestic Service in Cambodian 0430 GMT 15 Jan 86

[Text] Comrade Hun Sen, member of the party Central Committee Political Bureau, chairman of the Council of Ministers, and minister of foreign affairs of the PRK received and had a cordial talk at the office of the Council of Ministers with the state planning delegation of the Czechoslovak Socialist Republic led by Comrade S. Potac, vice chairman of the Council of Ministers and chairman of the State Planning Commission of the CSSR, after it arrived in the PRK on 14 January. Comrade Hun Sen welcomed the delegation and stressed that its visit to Cambodia has contributed to strengthening the all-round relations between Cambodia and Czechoslovakia. Comrade Hun Sen also thanked the Czechoslovak party, Government, and people for giving all kinds of support and assistance to the Cambodian people in their rebirth.

In his reply, Comrade Potac highly valued the all-round development made by the Cambodian revolution over the past 7 years and stressed the attention of the Czechoslovak party, Government, and people to the efforts made by the Cambodian people in rebuilding their society. At the same time, the comrade head of the delegation reiterated that the Czechoslovak party, Government, and people will continue to contribute to strengthening and expanding the Czechoslovak-Cambodian solidarity and all-round cooperation.

LAO MILITARY DELEGATION ARRIVES FOR VISIT

BK160703 Phnom Penh SPK in French 0514 GMT 16 Jan 86

[Text] Phnom Penh, 16 Jan (SPK) -- A delegation of the Lao People's Liberation Army led by Somsak Saisongkham, member of the LPRP Central Committee and deputy minister of national defense, arrived in Phnom Penh on Tuesday [14 January] for an official goodwill visit to Cambodia.

The delegation was greeted on its arrival at Pochentong Airport by Koy Buntha, member of the KPRP Central Committee, deputy minister of national defense, and chief of the general staff of the KPRAF, and other high-ranking officers. Lao Ambassador Pheli Khounlaleuk and the military attaches of Laos, the USSR, and Vietnam to Cambodia were also present.

PHNOM PENH CITES FOREIGN PRESS ON CGDK CONFLICT

BK150555 Phnom Penh Domestic Service in Cambodian 0430 GMT 15 Jan 86

[Text] According to foreign news sources, internal conflicts within the Cambodian reactionaries are increasing sharply. Sak Sutsakhan leader of the dissidents opposing Son Sann, openly declared in Bangkok that the only thing left for this organization is to stage a military coup d'etat in order to depose Son Sann. Sak Sutsakhan criticized Son Sann for applying dictatorship and interfering in military affairs.

According to THE WASHINGTON POST, Beijing has kept trying to strengthen the Pol Pot group's power, so the conflict among Pol Pot, Son Sann, and Sihanouk is still tense. By closely tailing after Beijing, Bangkok has tried its best not to intervene in this conflict. However, deep down, Bangkok has sought every means to prevent Son Sann from proceeding with his plan to mobilize forces against Sak Sutsakhan. Bangkok has also banned Son Sann from visiting the border region. Many observers in Bangkok have said that the current internal rifts among the Cambodian reactionaries have damaged the fighting will of the lower echelons of troops and will definitely puncture the propaganda in the international arena about the so-called CGDK headed by Sihanouk.

The French news agency, AFP, reported that this conflict has taken place at a very bad time and is causing great concern to the United States, Beijing, and the ASEAN countries. The conflict is affecting the ranks of fighters in the three Cambodian reactionary groups, and many of these men are fed up and do not want to fight anymore. They are looking for the right time to surrender to our revolutionary power in order to rejoin their families and society. They regard this as a most auspicious occasion to record good deeds to eradicate their past mistake.

AFP stressed that no one is so foolish as to make sacrifices for the benefit of leaders who are becoming very weak, losing the will to fight, and heading toward total doom. AFP suggested that the chaotic situation within their army ranks seemed likely to put an end to all military activities of the three Cambodian reactionary groups in the interior of Cambodia.

SON SANN VISITS CAMPS ALONG BORDER 16 JANUARY

BK160910 Bangkok BANGKOK WORLD in English 16 Jan 86 p 28

[Text] Kampuchean resistance leader Son Sann today made a quiet visit to refugee camps along the Thai-Kampuchean border to demonstrate he still heads the divided Khmer People's National Liberation Front, a KPNLF official said.



Son Sann, who founded the KPNLF in 1979, has said certain groups, which he did not identify, have tried to prevent him from visiting the border.

A KPNLF official in Bangkok quoted by ASSOCIATED PRESS said Son Sann was accompanied on his trip today by four other KPNLF officials. The official, who is loyal to Son Sann but refused to be named, would not say exactly where the group was headed.

The border camps house some 240,000 Kampucheans who fled the war between the Kampuchean resistance and Vietnamese troops invaded the country in late 1978.

The KPNLF split into two factions last December 17 when Gen Sak Sutsakhan, the KPNLF military commander, formed a "Provisional Central Committee for the Salvation of the KPNLF."

Both factions claim full control of the resistance group, but Thai military sources say 90 percent of the refugees and fighters remain loyal to Son Sann.

VOK: SIHANOUK TO VISIT LIBERATED ZONES IN SPRING

BK141300 (Clandestine) Voice of the Khmer in Cambodian 1100 GMT 14 Jan 86

[Text] VOK sources say that Samdech Norodom Sihanouk, president of the Coalition Government of Democratic Kampuchea, has plans to visit liberated zones in March or April. An official of the nationalist Sihanoukist Army said Samdech Norodom Sihanouk will set the time for visiting liberated zones in Cambodian, Thailand, Singapore, and Malaysia in March or April.

SRV'S USE OF MIA ISSUE FOR U.S. RECOGNITION FAILS

BK141024 (Clandestine) Voice of the Khmer in Cambodian 0500 GMT 14 Jan 86

["Political commentary": "The Only Way Out for Vietnam"]

[Text] Vietnam and the United States have had no diplomatic relations since the end of the Vietnam war in 1975. However, some intricate problems have forced the two countries to seek contact despite the fact that they have no diplomatic relations with each other. The most important issue is that of U.S. soldiers missing during the Vietnam war. For many years, the United States has been asking Vietnam to resolve this issue definitively. However, Vietnam has been maneuvering to avoid it. Vietnam's real goal is to resume diplomatic relations with the United States.

Recently, a high-ranking U.S. delegation visited Vietnam and held talks with Vietnamese officials on the MIA issue. Vietnam has dreamed for many years of a high-ranking U.S. delegation holding talks in Vietnam because it hopes to use these talks as a stepping stone toward resuming diplomatic relations with the United States. Vietnamese leaders have hoped that after this visit, Vietnamese-U.S. diplomatic relations would be resumed. However, what happened afterward?

Various western observers in Hanoi said Vietnam got very little out of the visit by the high-ranking U.S. delegation, although Vietnam and the United States have reached an agreement on the MIA issue. The visit's final result disappointed Vietnam very much, because it was very clear that the Vietnamese leaders should not hope for anything more. It was clear that Vietnam's attempts to use the MIA issue as a means to resume diplomatic relations with the United States have completely failed.

During the talks, nothing but the MIA issue was discussed and the U.S. side gave no promise in answer to the Vietnamese obvious desire to resume normal relations between Vietnam and the United States. The resumption of Vietnamese-U.S. diplomatic relations hinges on one issue only: The United States requires that Vietnam withdraw its forces from Cambodia first. For the past 7 years, Vietnam has been ignoring persistent U.S. appeals at every meeting and in various statements clearly saying that Vietnam must withdraw its army from Cambodia if it wants to resume diplomatic relations with the United States. However, during this long period, Vietnam has been maneuvering to get a practical deal with the United States by linking according to which progress Vietnamese-U.S. relations to progress made on the MIA issue. By the time this MIA issue is definitively resolved, Vietnamese-U.S. diplomatic relations would be resumed. Through this maneuver, Vietnam can establish diplomatic relations with the United States and keep Vietnamese troops in Cambodia. However, at the end of the talks between the high-U.S. delegation and the Vietnamese side, all Vietnam's hope vanished into thin air. Vietnam's efforts have been in vain.

So now the Vietnamese leaders clearly realize that they have only one move left in order to get a resumption of diplomatic relations with the United States: to agree to withdraw its forces from Cambodia. There is no other move. Surely Vietnam will risk no more maneuvers to dupe the United States as it did in the past. A political solution to the Cambodian issue rests on only one issue -- the withdrawal of all Vietnamese forces from Cambodia. Vietnam's agreement to pull out its troops through diplomatic negotiations is the only safe move Vietnam can make without risking its life. However, if Vietnam wants to try any other tricks, it will bog down even further in the war in Cambodia.

VONADK CITES AFP REPORT ON USSR ADVISER KILLED

BK150936 (Clandestine) Voice of the National Army of Democratic Kampuchea in Cambodian 0500 GMT 15 Jan 86

[Text] Recently, AFP carried a true report from Cambodia's Kompong Som Port on an attack launched by the Democratic Kampuchean National Army against Kompong Som Port, during which a Soviet national was killed and another was wounded. AFP noted that this attack was launched at a time when Soviet ships were transporting war materiel to the Vietnamese aggressors in Cambodia at Kompong Som Port.

MORE ASSISTANCE FROM CEMA COUNTRIES EXPECTED

BK141144 Vientiane KPL in English 0904 GMT 14 Jan 86

[Text] Vientiane, January 14 (OANA-KPL) -- "The Lao PDR is expected to receive soon assistances from member countries of the Council for Mutual Economic Assistance," said Sali Vongkhamsoo, vice-premier and chairman of the State Planning Committee, upon his arrival here yesterday from the 37th conference of CMEA's joint planning commission in Vietnam. He made known that the discussions at the conference dealt with aspects of the development of scientific and technical cooperation between CMEA's member countries up to the year 2000 and their assistance projects to the three Indochinese countries. "Laos is going to sign protocols on mutual assistance with CMEA's member countries very soon," Sali Vongkhamsoo said. S. Vongkhamsoo had led the Lao delegation to take part, as observer besides Yugoslavia, in the 37th conference of the CMEA's commission which took place from Jan. 8-13 in Vietnam.

KAYSONE PHOMVIHAN RECEIVES HUNGARIAN OFFICIAL

BK140233 Vientiane Domestic Service in Lao 1400 GMT 13 Jan 86

[Text] On the afternoon of 13 January, Comrade Kaysone Phomvihan, general secretary of the LPRP Central Committee and chairman of the Council of Ministers of the LPDR, received a delegation of the government of the Hungarian People's Republic led by Comrade Lajos Paluvegi, member of the Central Committee of the Hungarian Socialist Workers Party, vice chairman of the Council of Ministers, and chairman of the State Planning Commission of the Hungarian People's Republic, which is currently paying an official friendship visit to Laos. During the meeting, which proceeded in an atmosphere of close fraternal friendship and comradeship, the guest and host discussed many issues concerning the fruitfully developing cooperation and mutual assistance between the two countries -- Laos and Hungary. Comrade Lajos Paluvegi, head of the Hungarian government delegation, expressed satisfaction over and thanks for the warmest welcome given in a dignified manner to the Hungarian delegation by Comrade General Secretary Kaysone Phomvihan. He added that this visit to the LPDR by the delegation of the Government of the Hungarian People's Republic will contribute to the further strengthening and daily development of the friendship relations and cooperation between the two parties, governments, and peoples of Hungary and Laos.

On behalf of the LPRP Central Committee, the government, and people of Laos, Comrade General Secretary Kaysone Phomvihan expressed profound gratitude to the party, government, and fraternal people of Hungary for having always given assistance to the Lao people's revolutionary cause. He expressed hope that in the present as well as in the future, the cooperation and mutual assistance between the two countries will be further strengthened and developed extensively in the interest of the peoples of the two countries. Accompanying Comrade General Secretary Kaysone Phomvihan in receiving the Hungarian guests on this occasion was Sali Vongkhamsoo, secretary of the party Central Committee, vice chairman of the Council of Ministers, and chairman of the State Planning Committee. Comrade Rosta Laszlo, ambassador extraordinary and plenipotentiary of the Hungarian People's Republic to Laos, also attended. The government delegation of the Hungarian People's Republic arrived in Vientiane at noon on 13 January for an official friendship visit to Laos. Before paying the courtesy call on Comrade General Secretary Kaysone Phomvihan, Comrade Lajos Paluvegi had a meeting with Comrade Sali Vongkhamsoo, during which they exchanged views and held discussions on the promotion and expansion of cooperation plan between the two countries for the next 5 years -- from 1986 to 1990 -- on the basis of the spirit of the cooperation agreement signed by the two sides in Budapest.



ROYAL DECREE LISTS NEW CABINET APPOINTEES

BK151322 Bangkok Domestic Television Service in Thai 1300 GMT 15 Jan 86

[Royal decree on cabinet reshuffle]

[Text] Royal signature: Phumiphon Adunyadet, Rex

His Majesty King Phumiphon Adunyadet has graciously ordered it to be proclaimed that: In accordance with his appointment of General Prem Tinsulanon as prime minister under the announcement dated 30 April 1983, in accordance with the latest appointment of cabinet ministers under the announcement dated 19 September 1985, now Commerce Minister Koson Krairoek, Deputy Commerce Minister Prayun Chindasin, Deputy Agriculture Minister Phan Bunchit, and Deputy Interior Minister Ophat Phonsin have resigned from their posts. Therefore, their portfolio terms have been terminated.

For the benefit of the administration of the country, it is deemed appropriate to reshuffle the cabinet. By virtue of Articles 146 and 165 of the Constitution of the Kingdom of Thailand, his majesty the king hereby approves the resignations of the ministers and appoints the following ministers:

1. Buntheng Thongsawat is removed as deputy prime minister, and be replaced by
2. Air Chief Marshal Sitthi Sawetsila, who is appointed as deputy prime minister;
3. Police Captain Surat Osathanukhro is appointed commerce minister;
4. Subin Pinkhayan is appointed as deputy finance minister;
5. Prasop Butsarakham is appointed as deputy agriculture and cooperatives minister;
6. Montri Phongphanit is appointed as deputy interior minister;
7. Arun Phanuphong is appointed as deputy foreign minister;
8. Annua Yotsuk is removed as deputy finance minister and appointed deputy commerce minister.

This is to take effect immediately.

Announced on 15 January 1986, being the 41st year in the reign of the present king

Countersigned by General Prem Tinsulanon, prime minister

Prem on Policies, Reshuffle

BK161008 Bangkok BANGKOK WORLD in English 16 Jan 86 p 2

[Text] The Government may improve the rice price support scheme to be initiated by the Commerce Ministry, Prime Minister Prem Tinsulanon said this morning. As a result of the Cabinet reshuffle he endorsed yesterday, Gen Prem said the Commerce Ministry would look into any problems and see "if anything should be improved," in the scheme whose alleged failure were said to have resulted in the ouster of former Commerce Minister Koson Krairoek.

Rice problem was an important factor that pressured the Prime Minister into reshuffling the Cabinet and brought in Surat Osathanukhro as new Commerce Minister replacing Mr Koson and Amnuai Yotsuk as deputy Commerce Minister replacing Prayun Chindasin.

Gen Prem said in the interview this morning that the review of the rice policy would be along the line of the Government's intention to insure better rice prices. He didn't mention the figure of 3,000 baht which the former commerce minister had fixed for the 5 per cent paddy.

Gen Prem, in his usual good mood, said that the reshuffle he endorsed yesterday was a normal practice in parliamentary system. "A reshuffle can take place anytime when necessity arises." Gen Prem said that the recent reshuffle took place because of the changes in the Social Action Party.

"When there is a change (in SAP)," Gen Prem said, "It is essential for the party to change (ministers) in order to adjust its (new) policy. He said the Government has made a request for His Majesty the King to grant an audience to him and the newly-appointed ministers so they could be sworn in.

In a separate interview, Deputy Prime Minister Phichai Rattakun, the Democrat Party leader, responded optimistically to the reshuffle. He said he believed the new ministers would have the ability to carry out their responsibilities. "I can say that the SAP must have already selected good and efficient persons to take on such responsibilities," Mr Phichai said, adding that he foresaw no problem for his ministers in co-operating with the SAP's new appointees.

Government spokesman Trairong Suwannakhiri shared the same view in another interview that politicians who are taking on important positions have no fear of the problems facing them. But when asked whether he thought the Government would last its term, Dr Trairong said it was difficult to make predictions. "Let us wait and observe the situation when the House reconvenes in a few months," Dr Trairong said, "the situation then can probably tell us if the general election can take place within this year or after the Government completes its term next year."

#### GOVERNMENT SPOKESMAN DISMISSES COUP RUMORS

BK160836 Bangkok Domestic Service in Thai 0530 GMT 16 Jan 86

[16 January statement by Government Spokesman Trairong Suwannakhiri at Government House -- recorded]

[Text] Regarding the question of whether newly-appointed Commerce Minister Surat Osathanukhro will be able to handle the paddy problem, I would like to tell you that every politician who volunteers to serve the people also volunteers to solve the people's problems. He must not be afraid of problems. Surat Osathanukhro is an old hand and used to be with the government. The minister and his deputies have the full support of their party and will be able to solve the paddy problem. I foresee no problem.

Regarding yesterday's coup rumors, I cannot tell you who spread them because they are rumors. I guess it is the work of mentally ill people. Such people like to telephone newspapers and spread news that a coup d'etat had taken place and that General Prem had been arrested. It is noteworthy that such rumors are more frequent lately.

We do not know what the motives are. Such rumors are not good for society. Our people must be rational and have confidence that the democratic form of administration has been developed to a certain point in our country. It would be difficult to make any change. Senior military officers have pledged on several occasions to always support democracy. Nobody is thinking of changing the government through a coup d'etat. Those who tried to do so have failed because the majority of soldiers still adhere to the democratic system. The fraternal people should not panic. These rumors are groundless.

NAEO NA: U.S. GROUP IN LAOS ON POW SEARCH

BK150755 Bangkok NAEON in Thai 15 Jan 86 pp 1, 3

[Text] A team of Americans sneaked into Thailand and crossed into Laos in early December on a mission to locate MIA's. During a clash with soldiers of the communist government in Laos, one of the group was killed, one was arrested, and two others are missing. Official sources reported the above to NAEON NA on Tuesday. Meanwhile, U.S. State Department Spokesman Bernard Kalb issued a statement on the matter saying it still could not be confirmed.

Also on Tuesday a high-level source at the Police Special Branch told NAEON NA that there was a report recently about Colonel James "Bo" Gritz trying to sneak into Thailand again. According to the report, four foreigners, believed to be Americans, on 4 December crossed the border into Laos from Thailand. They had as their guides three soldiers of the Lao resistance force. They were heading to join a group of 38 armed men at Se Bangfai in Savannakhet. "I only know that the group is commanded by Colonel Khambou, probably belonging to the group of General Kong Le," the source said, adding that he did not know the specific purpose of this secret mission.

According to the source, the American team arrived in Nakhon Phanom Province in late November. The group then went to Mukdahan Province before returning to That Phanom District to launch their operation from Ban Wan, which is a small village on the Mekong River in Thailand.

Another report said that the aim of the team is to go to an abandoned Lao military school at Dong Hen, near Phou Sanghe, about 50 km from the Thai border east of That Phanom District. It is believed American MIA's may still be detained in the area.

"The clash took place at Houai Tahao on Route 13 linking Thakhet with Savannakhet. One foreigner was killed, while another was wounded and later taken to the town center. There has been no report about the two still missing," the source said, adding that there has been no confirmation on the clash -- the date when it took place or the details.

The source reported that authorities in Savannakhet planned to send the captured American to Vientiane on 6 December and would have the Lao Foreign Ministry protest about it. There has been no further report on this, however.



Police Colonel Hemarat Tharithai, provincial police superintendent in Nakhon Phanom, told NAEO NA on the same day that he learned from Lao residents on the Thai side who have relatives on the Lao side that a group of foreigners had crossed the Mekong River into Laos from That Phanom District. They were assaulted by Lao soldiers. Two were killed and the rest were taken prisoner.

Governor of Nakhon Phanom Province Uthai Nakpricha told NAEO NA that he had been informed in Nakhon Phanom by the U.S. consul in November that they should be on the alert for "Bo" Gritz following a report that he would make another attempt to get into Thailand. "Bo" Gritz is a former American Green Beret officer who staged a secret mission into Laos in late 1982 and early 1983. He was attacked by soldiers of the Lao Government and forced to cross the Mekong River back into Thailand. He was arrested and tried by the Thai authorities and expelled as a persona non grata.

The high-level source at the Police Special Branch said that according to an unconfirmed report, received 3 weeks ago, Col Gritz sneaked into Thailand from Malaysia carrying a fake Malaysian passport. He later sneaked into Laos from Thailand. However, there has been no confirmation that the group which clashed with the Lao Government soldiers was the "Bo" Gritz group.

#### FOREIGN MINISTER COMMENTS ON U.S. MILITARY AID

BK160111 Bangkok THE NATION in English 16 Jan 86 pp 1, 2

[Text] American military assistance to Thailand will slightly decline this year as a result of deficit problem facing the United States, Foreign Minister Sitthi Sawetsila said yesterday. Sitthi did not give the exact figure of the cut. "We trust our American friends who have concerns about our security," he said.

In the past several weeks, he said, he had raised this issue with visiting U.S. senior officials and congressmen. "They all promised to speak for us. They are very sympathetic with Thailand and its position," the minister said. U.S. Assistant Secretary of Defence Richard Armitage, Sitthi added, has a thorough understanding of Thai security requirements. "Any cut will be as little as possible," he said. The exact cut or the so-called "sequester" was the result of the Debt Ceiling Extension Bill, which was signed by President Ronald Reagan on Dec 11, which included the Gramm-Rudman-Hollings deficit reduction proposal.

This proposal, according to Foreign Ministry sources, will have the effects of reducing by certain percentage virtually every "programme, project and activity" in the foreign aid area.

Last week Thai Ambassador to Washington D.C. Kasem S. Kasemsri notified the Foreign Ministry that the overall U.S. military assistance to Thailand will be less than the previous year which was U.S. \$107.3 million. The exact cut will be decided on Feb 1, but the actual reductions are to take place on March 1, a U.S. official said. Informed sources also said that this year's overall U.S. military assistance to Thailand will not exceed U.S. \$100 million. About eight percent were cut from this year's Foreign Military Sales (FMS) credits of U.S. \$5,655 as requested by the Reagan administration; as a result only U.S.\$5,190 million are available for U.S. allies.

The sources said that the chunks of the FMS will go to the requests for Israel and Egypt, two major U.S. allies in the troubled Middle-East. A senior Thai Foreign Ministry official said that only one of the four major programmes, the FMS, under the U.S. military assistance to Thailand will face a cut. The other three: military assistance programme, international military education and training, and economic support funds will not be affected.

#### 2 RANGERS KILLED IN 15 JAN BORDER CLASH

BK160918 Bangkok BANGKOK WORLD in English 16 Jan 86 p 3

[Text] Surin -- Two Army-trained Rangers were killed in a clash with the Vietnamese-led Heng Samrin forces near the Thai-Kampuchean border in Kap Choeng District yesterday, an informed police source said this morning. The source said that a group of Rangers were sent to Ban Khok Takhian, about 500 metres from the border line to recover the bodies of three workers of a sawmill reportedly killed by the Heng Samrin forces on Sunday.

The workers went to cut trees in the village but were fired at by the Vietnamese troops with RPG launchers. Three of them known later as Burma Yingphimai, Chamlong Toemsuk and Han Jotnok died on the spot and the others escaped to report the Kap Choeng police. The source said that yesterday 20 Rangers went to the scene to recover the bodies but were fired at with rockets. In the clash, two Rangers were killed, the source said.

#### MALAYSIAN BORDER WALL DRAWS CRITICISM

BK150054 Bangkok BANGKOK POST in English 15 Jan 86 p 5

[Excerpt] Yala -- Local authorities have voiced concern over the construction of a concrete wall by Malaysia along the Thai-Malaysian frontier, saying it may be encroaching 50 metres inside Thai territory. Betong assistant district chief Surin Hemnukun said recently that the alleged encroachment took place at the construction site between the 51st-54th demarcation markers which stretch about 10 km along the common border. He said Thai authorities found out that the Malaysian construction firm had used tractors to pull out the concrete markers while clearing the area and eventually misplaced them about 50 metres inside Thailand. Surin said the incident was causing confusion over the Thai-Malaysian boundary. Thai and Malaysian authorities began the survey on the demarcation in 1973 and it was completed last September.

District authorities have already reported the incident to the province, and soldiers from the Fourth Army Region and a platoon of border patrol policemen were recently dispatched to area to prevent further encroachment of Thai territory, he said. He added that the concrete barricade, which aims to deter the smuggling of drugs and contraband across the border, cannot completely halt the illegal activities because there were a number of passes along the frontier, some of them in the area controlled by the Communist Party of Malaysia which is alleged to be cooperating with smuggling rings. According to Surin, the construction which is part of the first phase of the plan to build a barricade along the border would cost Malaysia about 450-500 million baht. Commander of the Fourth Army Region Lt Gen Wanchai Chitchamnong said that he had received a report about the allegation from the local authorities and had already ordered an investigation into the incident.



OFFICIAL ANNOUNCES RETURN OF PRC NATIONALS

OW151617 Hanoi VNA in English 1543 GMT 15 Jan 86

[Text] Hanoi VNA Jan. 15 -- Nguyen Phuong Vu, head of the Department for China of the Foreign Ministry, today met with Chinese Ambassador Li Shichun and informed him of the following:

On the occasion of the Tet Binh Dan (traditional lunar new year festival) of the peoples of Vietnam and China, stemming from its humanitarian policy, with its respect for the traditional friendship between the Vietnamese and Chinese peoples, and from its own good-will the Vietnamese Government decided to return to the Chinese Government eight Chinese fishermen who were in distress on the sea and were rescued by the Vietnamese people, and 16 Chinese who had illegally intruded into Vietnam, so that they could join their families in enjoying the new year festival.

The return will be conducted at the end of January 1986 at the Huu Nghi (Friendship) Gate, Lans Son Province.

COUNCIL OF STATE POSTPONES LOCAL ELECTIONS

BK160119 Hanoi Domestic Service in Vietnamese 2300 GMT 15 Jan 86

[Text] In accordance with a proposal by the Council of Ministers, on 15 January 1986 the Council of State issued a decision postponing the elections of people's councillors at the district, village, and equivalent levels. These elections, originally scheduled for February-April 1986, will be held in April 1987, on the same day as the election of deputies to the eighth National Assembly.

RADIO, TV COOPERATION PROTOCOL WITH USSR SIGNED

OW151721 Hanoi VNA in English 1537 GMT 15 Jan 86

[Text] Hanoi VNA Jan. 15 -- A protocol on the cooperation between the Vietnam Radio and TV Commission and the Soviet state Committee for Television and Radio was signed at a meeting held in Moscow on Jan 13 between delegations of two organisations.

The Vietnamese delegation at the meeting was led by tran lam, member of the Communist Party of Vietnam Central Committee and chairman of the commission, and the Soviet delegation by A. Aksenov, member of the Communist Party of the Soviet Union Central Committee and chairman of the committee. The two sides informed each other of their work and discussed measures to introduce the congresses of the two parties to be convened this year and promote their bilateral cooperation in the coming years.

MEETING ON ECONOMIC COOPERATION WITH LAOS HELD

BK142351 Hanoi VNA in English 1550 GMT 14 Jan 86

[Text] Hanoi VNA Jan. 14 -- The 10th session of the Intergovernmental Committee for Economic, Cultural, Scientific and Technical Cooperation between Vietnam and Laos has been held in Hanoi.



The Vietnamese economic delegation was led by cabinet Minister Dang Thi, member of the Communist Party of Vietnam Central Committee, and the Lao economic delegation by Minister Maisouk Saisompheng, member of the Lao People's Revolutionary Party Central Committee.

The two sides reviewed the comprehensive cooperation between the two countries since the previous session and discussed plans and measures to promote their cooperation in 1986 and the years to come. The Lao delegation left here yesterday. Minister Dang Thi and Lao Ambassador Khampheun Tounalom were present at the seeing-off ceremony.

LPDR Official Interviewed

BK150801 Hanoi Domestic Service in Vietnamese 1430 GMT 14 Jan 86

[Interview with Maisouk Saisompheng, chairman of the LPDR Committee for Economic and Cultural Cooperation, in Hanoi by unidentified radio reporter; date not given -- recorded]

[Text] [Reporter] Comrade Minister, would you please tell listeners of the Voice of Vietnam about the results of economic and cultural cooperation among Laos, Vietnam, and Cambodia in the past, especially the LPDR's effective contributions to this cooperation.

[Answers in Lao fading into Vietnamese translation]

[Maisouk Saisompheng] First of all, I would like to sincerely thank the Voice of Vietnam for creating the conditions for me to speak about the economic and cultural cooperation among Laos, Vietnam, and Cambodia in the past as well as about the program for action and cooperation for the period ahead.

Implementing the joint statement of the Laos-Vietnam-Cambodia summit conference held in Vientiane in February 1983 and the agreements signed by the three countries in Phnom Penh in 1983 and in Phnom Penh in 1984, our Lao delegation was very happy to attend the sixth regular session of the chairmen of the three countries' Committees for Economic and Cultural Cooperation held in Hanoi, capital of the SRV.

At this session, we assessed together the results obtained in the past and noted that our cooperation has ceaselessly developed both in scope and scale, in many diversified forms, in accordance with the principles of voluntariness, equality, and mutual benefit. To date, intersector and interlocality cooperation has yielded practical results. We have cooperated with and helped each other exploit the latent strengths of each country, promote production, and gradually improve the people's material and cultural life.

As you know, in his important speech delivered at the grand ceremony held on 2 December 1985 to mark the LPDR's 10th founding anniversary, our esteemed General Secretary Kaysone Phomvihane appraised the steady successes achieved in many fields in the past by the LPDR in economic transformation and building. In agricultural production, we fulfilled the targets of the 1984 and 1985 state plans, achieving a gross grain output of 1.4-1.5 million metric tons. Other economic sectors such as communications and transportation also developed. In the cultural domain in particular, we have completely eradicated illiteracy nationwide. These successes were the result of cooperation and mutual assistance among the three countries.

An outstanding event symbolizing these concrete results was the Vientiane fair in which Hanoi, Phnom Penh, and Ho Chi Minh City participated. The products displayed at the fair enabled the Lao people of all tribes and foreign visitors to see clearly the achievements recorded by the three capital cities. These accomplishments have eloquently confirmed the results of the economic and cultural cooperation among our three countries.

Our three countries have not only scored achievements in economy and culture but have also recorded great successes in security and national defense work, defeating the multifaceted war of sabotage waged by the Chinese expansionists and hegemonists in collusion with the U.S. imperialists and their henchmen. In particular, the Cambodian people won a great victory last year, sweeping away all the hideouts of the reactionaries along the Cambodian-Thai border. This victory was a result of the traditional militant alliance, special solidarity, and all-round cooperation which were initiated and painstakingly cultivated by President Ho Chi Minh among our three parties, three states, and three peoples, and which no enemy can ever break. I avail myself of this opportunity to express, on behalf of the party, government, and people of all the tribes of Laos, profound gratitude to the party, government, and people of fraternal Vietnam for their great and effective assistance to our Lao revolutionary cause.

[Reporter] Comrade Minister, please tell us about the plan for cooperation among the three countries for the period ahead. What are the concrete programs for cooperation in 1986 between Laos and Vietnam in particular?

[Maisouk Saisompheng] In the field of economic and cultural cooperation, in the period ahead the three Indochinese countries will cooperate in amending and perfecting the new managerial principles, policies, and mechanism in the relations of cooperation among them, and will assist one another in broadening their economic relations with foreign countries, first of all with the Soviet Union and other fraternal socialist countries.

For Laos and Vietnam in particular, their concrete programs for economic and cultural in 1986 are as follows:

1. Continue to cooperate in completing unfinished projects.
2. Cooperate in implementing the plan for using capital provided as aid and capital obtained from loans in building material and technical bases, particularly in 1986.
3. Cooperation in carrying out the task of transporting transit goods from the LPDR to the SRV and third countries, and from third countries and the SRV to the LPDR.
4. Cooperate in survey and planning work and in contracting projects financed by capital obtained as aid or loans from foreign countries, on the basis of the agreement of the lending countries and international organizations.
5. Vietnam agrees to train managerial, scientific, technical, and cultural cadres for the LPDR. The Lao side will receive Vietnamese cadres and students who will study and train in the LPDR.
6. Vietnam will continue to send economic, cultural, scientific, and technical specialists to assist Laos in numbers agreed upon by both sides.

In short, in our opinion, the sixth session of the committees for economic and cultural cooperation of Laos, Vietnam, and Cambodia, and the latest conference of the committees for economic and cultural cooperation of Laos and Vietnam took on a very important significance because they reviewed the results of cooperation in the past; examined, evaluated, and drew experience from these results; and, at the same time, set forth guidelines for strategic cooperation for the period ahead and for 1986. These conferences were held in the early days of spring 1986, which mark the fulfillment of the First 5-Year Plan and the beginning of the implementation of guidelines and tasks of our Second 5-Year State Plan. Nineteen eighty-six is also a year in which we will score achievements to greet the congresses of the CPV and the LPRP, which will be held this year. These conferences also contributed to further strengthening and consolidating the bloc of militant alliance and all-round cooperation among Laos, Vietnam, and Cambodia, thereby making them increasingly firmer and stronger in the new stage.

#### VIENTIANE DELEGATION VISITS, MEETS DO MUOI

BK131624 Hanoi VNA in English 1543 GMT 13 Jan 86

[Text] Hanoi, VNA Jan 13 -- A delegation of the Vientiane Administrative Committee led by its Chairman Khambou Xunisay, member of the Lao People's Revolutionary Party Central Committee, left here today after a four-day visit at the invitation of the Hanoi, Peoples Committee. While here, it held talks with a delegation of the host committee during which the two sides reviewed the implementation of the 1979-85 cooperation program between the two capitals and signed cooperation agreements for 1986 and the 1986-90 period. It also toured several economic and cultural establishments in Hanoi. This morning, the Lao guests were received by Do Muoi, Political Bureau member of the Communist Party of Vietnam Central Committee and vice chairman of the Council of Ministers.

#### ECONOMIC COOPERATION ACCORD WITH PRK SIGNED

BK141711 Hanoi VNA in English 1553 GMT 14 Jan 86

[Text] Hanoi VNA Jan 14 -- An agreement on economic cooperation between Vietnam and Kampuchea for 1986 was signed during the 4th session of the Vietnam-Kampuchea inter-governmental committee for economic, cultural, scientific and technical cooperation held in Hanoi recently. Signatories were cabinet Minister Dang Thi and cabinet Minister Tang Saroem, who respectively led the economic delegations of Vietnam and Kampuchea. During the session, the two delegations reviewed the two countries' economic, cultural, scientific and technical cooperation and discussed programmes and measures to promote their cooperation for 1986 and the years to come. The Kampuchean guests left here today. Minister Dang Thi and Kampuchean Ambassador to Vietnam Tep Henn were among the farewell party.

#### NHAN DAN VIEWS PRK ACHIEVEMENTS IN 1984-85

BK151407 Hanoi NHAN DAN in Vietnamese 7 Jan 86 p 3

[Unattributed article: "A Year of Great Victories"]

[Text] In the 1984-85 dry season, by fighting gallantly in coordination with the Vietnamese Army volunteer troops, the PRK Armed Forces and people wiped out all the dens of the Pol Potist and other Khmer reactionary groups along the Cambodia-Thai border.



They annihilated more than 10,000 enemy soldiers, capturing alive hundreds of others, seizing nearly 15,000 guns of various types, and shooting down an aircraft. This was the greatest and most important success of the Cambodian people since the day of liberation on 7 January 1979.

The task of persuading enemy troops to surrender under the PRK's humanitarian policy produced good results. In only 10 months, more than 4,000 enemy soldiers have surrendered, twice as much as in 1984. Mass surrenders increased by 166 over 1984. Most of those surrendering were persuaded to do so by the people.

The campaign to leave voluntarily for the border to build national defense lines has been a unique feature manifesting the Cambodian people's patriotism and sense of collective mastery as well as their determination to safeguard their national independence, freedom, and territorial integrity.

The economy has gradually been stabilized. Grain output climbed to 2 million metric tons, almost equal to that of the pre-war years. As many as 100,000 production solidarity teams, which are now operating well, were set up in the rural areas. The buffalo and cattle population increased to 2 million head, a 2-fold increase over 1979. The rubber sector, an economic spearhead, was restored and half of the former rubber area was exploited. Meanwhile, 56 industrial enterprises were restored and had begun to serve economic development and the needs of the people's daily life effectively.

New steps of development were made in educational, medical, and cultural work. The campaign to eradicate illiteracy and shed literary light upon the working people was carried out throughout the country. At present, one in every four citizens is receiving supplementary education and 95 percent of the children of school age are attending classes. Almost all districts have level 2 schools and 11 provinces and cities have level 3 schools. In the 1985-86 school year, there are 1.8 million general school students and 50,000 kindergarten students. Compared with the 1985-85 school year, the number of general school students increased by 113,000 and the number of kindergarten students more than 10,000.

The public health network was expanded to all villages, and mobile movie units were set up in all provinces.

The revolutionary administration was constantly consolidated and strengthened from the central to grass-roots levels. The fine success of the Fifth KPRP Congress was a new step of development of the revolution in the country. It demonstrated clearly the solidarity and determination of the Cambodian people to continue overcoming all difficulties and ordeals to advance their revolutionary undertaking to new heights and new victories. As many as 4,000 new party members were recruited last year and tens of thousands of people are now struggling to become active party members. The Armed Forces were strengthened both quantitatively and qualitatively. Through ordeals and fighting, they have matured rapidly and constantly. Last year, many political activities were carried out by various mass organizations aimed at motivating the people of all strata to unite and carry out all the strategic tasks laid down by the KPRP. These included the first nationwide women's 5-gods emulation conference with the participation of 220 delegates representing 1.3 million women's union members, the first national congress of youth to review the 3-gods emulation movement, and the 1985 national trade union congress with the participation of more than 200 delegates representing nearly 100,000 trade union members.

MARCOS ADDRESSES LEGAZPI CITY KBL CAMPAIGN RALLY

HK150935 Quezon City Maharlika Broadcasting System in Tagalog 0700 GMT 14 Jan 86

[Address by Philippine President Ferdinand Marcos at the KBL rally in Legazpi City, Albay Province -- live; capitalized passages spoken in English]

[Text] My fellow Filipinos, we at the KBL and in particular, the Marcos-Tolentino team, would like to thank you for attending our rally here. This in spite of the heat as it is 3 o'clock in the afternoon now. There must be a million of you out there. Is that an approximate figure? How many? Two hundred thousand people. Long live Legazpi City! Long live Albay! Long live Sorsogon! Long live Catanduanes! Long live all of you!

After thanking you for coming here this afternoon, I should also like to thank you for your continuous support and assistance to your humble servant in all the offices you have elected him to. I was a congressman, thanks to your election. However, before I entered politics -- [changes thought] all leaders in Ilocandia were practically killed by the Japanese, including my father who was hung and murdered because he refused to serve as governor under the Japanese. I never recovered nor saw my father's body. Nonetheless, I offer flowers for him at the tomb of the unknown soldier.

Perhaps you will remember that during the Japanese occupation, I passed by here, in Sorsogon, Albay, Camarines Sur and other parts of Bicol, up to the peninsula in Quezon Province. You will remember because many among you helped me even though you did not know me, Ferdinand Marcos. BUT YOU KNEW THAT HE WAS A SOLDIER, AND THAT HE WAS ABOVE ALL A SOLDIER OF THE COMMONWEALTH. AND YOU EXTENDED TO HIM PROTECTION. In every barangay, you offered your best things to me [changes thought] Do not push one another and er, you know, there are many lovely lasses here in front. [shouts]

Well, actually, I think that all the women in Bicol are so beautiful and young. That is what I say to my wife: The people have their ears tuned to me, but their eyes are on her. That's why I can't help but turn around too.

Friends, I came here during the guerrilla days. Perhaps those who helped me are here today, as well as my comrades in the underground movement. WHEN I CAME HERE DURING THE UNDERGROUND MOVEMENT, I WAS READY TO OFFER MY PROPERTY AND MOST VALUABLE OF ALL, TO STAKE MY HONOR. [Passage indistinct]. Today, however, we come to you. I come to you as a soldier of the Republic of the Philippines.

I COME TO YOU AS A SOLDIER BECAUSE IN DIRE TIMES, YOU SUPPORTED ME, and you invested in me the highest authority in the Republic. YOU ENTRUSTED IN MY HAND AND ON MY CAPABILITY THE HIGHEST OFFICE OF THE LAND, THAT OF THE PRESIDENT OF THE REPUBLIC OF THE PHILIPPINES. YOU VOTED FOR ME IN 1965. YOU VOTED ME BACK ON THE REELECTION ELECTION OF 1969. IN THE PLEBISCITE ON THE REFERENDUM OF 1975 AND 1976, YOU VOTED YES TO THE QUESTION THAT WAS ASKED YOU: DO YOU WANT MARCOS TO CONTINUE UNDER THE RULE OF MARTIAL LAW. AND YOU SAID YES. AND IN 1981 AGAIN, DURING THE 1981 PRESIDENTIAL ELECTIONS, YOU SUPPORTED YOUR HUMBLE SERVANT. EVER SINCE I'VE BEEN IN PUBLIC OFFICE, YOU HAVE SUPPORTED ME. I COME HERE TODAY TO THANK YOU FOR ALL THE HELP THAT YOU HAVE EXTENDED TO ME. BUT MORE THAN HELP, YOU ORDERED ME AND YOU PLACED ON MY SHOULDERS THE BURDEN OF GUARDIANSHIP OF THIS STATE AS PRESIDENT OF THE, ER, REPUBLIC OF THE PHILIPPINES. THEREFORE, WHEN I COME BEFORE YOU TODAY, I am not merely a presidential candidate. I come here as President of the Republic of the Philippines to whom you have entrusted the heritage passed on to us by our ancestors and heroes: freedom, justice, and dignity.



I, THEREFORE, HAVE COME TO YOU AS A CANDIDATE, BUT MORE THAN A CANDIDATE, I COME TO YOU AS PRESIDENT. YOU HAVE SAID TO ME. Take care of the affairs of the state. You are the president of the Republic of the Philippines. On your shoulders is the most important responsibility: You are the guardian, sentinel, and defender of the Republic of the Philippines.

Friends, what you told me was: If you should see the Republic facing danger, you should be the first to detect it because you are the guardian of the Republic of the Philippines. You and the members of your administration are the eyes and voice of the people. Before the danger befalls us, you should watch out for it and study the means to avoid and divert danger.

My friends, we are going around the country because we can see danger lurking in front of the Philippines. That is why our KBL organizations cry: Vote Marcos-Tolentino against communism! [cheers] [Passage indistinct]

Friends, we are here to warn you that we face a great danger because our political rivals have, in spite of their denials, agreed to let the NPA join the government as cabinet members. They will let the Communists into the administration. What will happen? As a student of international affairs, let me tell you what we need not look far for examples. Let us look at Indonesia. What happened when President Sukarno allowed Communists into the cabinet and appointed Communist generals to the Indonesian Armed Forces? What happened was that the Communist generals, thinking that they had sufficient might, staged an uprising and killed their rival and anticommunist generals as well as their rivals in the cabinet, except for General Suharto, commander of the strategic command, and General Nasution, minister of national defense. They were able to escape and they used their troops -- one was a division, Division (Kaliwangi) under General (Al Aljib). My friends, there was a bloody uprising.

Let us not talk about the military. They are in uniform and armed, ready to die in defense of justice and freedom. However, who are the ones who get hurt? Who died in the Indonesian rebellion? Most of them were civilians. How many died? From 700,000 to 1 million people died. They were mostly young people and their weak and old parents. My friends, in the event of such uprisings, no one suffers more than we the citizens, that is, if we let the Communists take over.

Therefore, while there is still time and an opportunity, we must avert that danger. During the guerrilla days, we asked you to put your possessions, most notably your dignity, on the line. WE CAME BEFORE YOU DURING THE UNDERGROUND MOVEMENT AND ASKED YOU TO PLACE AND WAGER AT THE DISPOSAL OF OUR NATIVE LAND, NOT ONLY YOUR PROPERTY, BUT ALSO YOUR MOST VALUABLE OF ALL POSSESSIONS: YOUR STAKE OF HONOR. TODAY WE COME TO YOU AND WE DO NOT ASK FOR LIFE. WE DO NOT ASK FOR YOUR POSSESSIONS TO BE PLACED IN WAGER AGAINST THE ENEMY. WE DO NOT ASK YOU FOR YOUR MOST VALUABLE OF ALL ASSET: YOUR STAKE OF HONOR. Now, while there is still a chance, while there is still time, what we ask of you is your sacred right to vote and to help the Marcos-Tolentino team against communism. [Shouts of mabuhay -- long life] Mabuhay! Long live democracy! Down with communism!

WE ARE HAPPY TO BE HERE WITH YOU TODAY. THE VICE PRESIDENTIAL CANDIDATE TURING TOLENTINO [words drowned out by noise].

What kind of woods are these? What it might be from Kalinta. You do not have to climb the trees. Just vote for Marcos-Tolentino. [applause]



Friends, now we will listen to the [sighs] to the explanation of a Moro National Liberation [Front] secessionist leader. Who is he? Nur Misuari. Nur Misuari set up the so-called Moro National Liberation Front, helped by foreigners and other countries. We waged a big fight in Mindanao. After the fighting, many of them surrendered, one after another, from 1974 to '77. Then the first lady went to Libya to talk to Colonel Mu'ammarr al-Qadhdhafi.

One afternoon, I was playing golf -- you know when I am exercising. No one can stop me unless there is a war and that war is against America and we are winning. THAT IS THE ONLY REASON IT CAN DISTURB ME. Hence, when I was told: There is a phone call for you, I asked: There is no war, is there? None, sir, but it is more urgent than war. What do you mean? It is the first lady, sir. Oh, if that is the case, I had better answer it.

SO I WENT TO ANSWER THE CALL. THE FIRST LADY SAID TO ME: HOLD ON A MINUTE, THERE IS A FRIEND HERE WHO WANTS TO TALK TO YOU. Who was it? It was Colonel al-Qadhdhafi. The world knows this name. He is not easy to talk to. He is like a king in his native Libya. And he told me that he wished to settle the problem immediately. I said that I wanted a cease-fire between MNLF forces and the Armed Forces of the Philippines on all battlegrounds.

He said that he was in favor of that but that they should be given their own government. No, I said, a separate state is inadmissible, nor dismemberment of the territory of the Republic of the Philippines. I said to Colonel al-Qadhdhafi that I could not do that even if it meant that I would die, because it is a heavy responsibility of a president in a democracy. [Words indistinct] IS TO DECLARE MARTIAL LAW. MARTIAL LAW IN ACCORDANCE WITH THE CONSTITUTION. MARTIAL LAW IN ACCORDANCE WITH LAW, NOT WITH VIOLENCE OR [words indistinct] BUT IN ACCORDANCE WITH THE LAW.

So, what do you want? That we hold a plebiscite to decide if an autonomous government is acceptable? Ah, he said, you will grant them autonomous government. What are the conditions? I enumerated them to him: The granting of autonomous government must not be abrupt. We must train our Muslim brothers to handle the government properly and we probably should submit it to a plebiscite.

I DON'T BELIEVE IN A PLEBISCITE, HE SAID. I DON'T BELIEVE IN ELECTIONS. BUT I SAID: I WAS ELECTED PROPERLY. I WAS ELECTED UNDER THE CONSTITUTION, AND THEREFORE I HAVE TO FOLLOW THE CONSTITUTION. THEN HE SAID: I WANT TO FINISH THE PROBLEM IN 15 MINUTES. THE MUSLIM STATES' FOREIGN MINISTERS ARE WAITING FOR ME. IN 15 MINUTES, BEGINNING THE TIME THAT WE STARTED TALKING, WE HAD TO DECIDE THIS. AND SO I SAID: MAY I DICTATE TO YOU AN ACCEPTABLE FORMULA IN ACCORDANCE WITH OUR CONSTITUTION. AND I GAVE HIM ALL THE CONDITIONS THAT WERE TO BE INCLUDED IN THE TRIPOLI AGREEMENT AND I EXPLAINED THIS TO THE FIRST LADY. I EXPLAINED THIS TO THE PRESENT ACTING FOREIGN MINISTER, FOREIGN MINISTER CASTRO, AND TO ALL THE OTHERS WHO WERE IN THE PARTY OF THE FIRST LADY.

Then there was a cease-fire. [Passage indistinct]. Later, I heard that Nur Misuari refused to adhere to the Tripoli agreement and that he wanted a separate Muslim state. He wanted to take away Palawan, Mindanao, Basilan, Sulu, Tawitawi, and the state of Sabah of Malaysia. [as heard] So, the fighting went on. The Mindanao rebellion went on. Now, my friends, the truth is coming out.

In 1981, it turned out that ex-Senator Aquino went to Damascus and made an agreement with Nur Misuari that, should they win in an election and the opposition capture the presidency, they would give away Philippine territory -- Palawan, Mindanao, Basilan, Sulu, Tawitawi -- to the new Muslim state that they would recognize. THIS MEANT THAT THEY WERE GIVING AWAY TERRITORIES WITHOUT THE CONSENT OF THE ENTIRE SOVEREIGN FILIPINO PEOPLE.

We never knew this. I tried hard to comply with the Tripoli agreement. WE MUST COMPLY WITH THE TRIPOLI AGREEMENT. I HAVE NOW ASSIGNED THE DIFFERENT MUSLIM LEADERS TO WORK OUT THE MERGER OF THE 9TH AND THE 12TH REGIONS BECAUSE WHEN WE HELD A PLEBISCITE IN 1978, ER, 1979, THE AGREEMENT, THE RESULT OF THE PLEBISCITE WAS THAT THEY SHOULD ORGANIZE TWO AUTONOMOUS GOVERNMENTS. THOSE AUTONOMOUS GOVERNMENTS WERE THE DIVISION OF THE MUSLIM PEOPLE IN REGIONS 9 AND 12 [word indistinct]. THIS WAS THE DECISION OF THE PEOPLE AND IT BECAME NECESSARY FOR ME TO IMPLEMENT IT.

They now charge that we did not comply with the Tripoli agreement. We did and we acted in accordance with the wishes of the sovereign people of Palawan, Mindanao, and er, uh, Basilan, Sulu, and Tawitawi.

NOW, NUR MISUARI COMES OUT WITH A STATEMENT THAT HE HAD A PREPARATORY AGREEMENT WITH BUTZ AQUINO, AGAPITO BUTZ AQUINO, THE BROTHER OF NINOY, THAT IF THEY WIN, THEY WILL RECOGNIZE THE NEW MUSLIM SEPARATE STATE AND THAT SEPARATE STATE WILL BE COMPRISED OF PALAWAN, MINDANAO, BASILAN, SULU, AND TAWITAWI. [Passage indistinct].

Is it true that she knew nothing about this? How come when asked what she plans to do when she wins, and she said: IF I WIN, I WILL NEGOTIATE WITH NUR MISUARI. IN SHORT, KNOWING THAT NUR MISUARI HAS SIGNED THE TRIPOLI AGREEMENT PROVIDING FOR AN AUTONOMOUS GOVERNMENT AND NOT A SEPARATE MUSLIM STATE, WHY WOULD THE OPPOSITION NOW SAY THAT THEY WOULD WILLINGLY NEGOTIATE AWAY THE TERRITORIES OF THE PHILIPPINES AND DISMEMBER THE REPUBLIC OF THE PHILIPPINES. I SAY: TREASON. [cheers] THIS IS CONFIRMED BY A TESTIMONY OF ONE OF THE LEADERS OF THE NUR MISUARI FACTION. HIS NAME IS NUR KHAN. N-U-R, SEPARATE WORD, K-H-A-N. HIS PICTURES APPEARED IN THE NEWSPAPER, I THINK, THIS MORNING. AND HE SAID: I WAS PRESENT WHEN NINOY AQUINO BARGAINED WITH NUR MISUARI. IT IS NOT ONLY A CREATION OF A SEPARATE STATE THAT WE TALKED ABOUT, HE BARGAINED MANY THINGS AWAY JUST SO NUR MISUARI AND THE MNLF WOULD HELP BRING DOWN THE REPUBLIC OF THE PHILIPPINES UNDER MARCOS.

See, our enemies and the opposition conspire behind our back. They do everything. EVEN TREASONABLE ACTS, IN ORDER THAT THROUGH THIS POLITICAL EXPEDIENCY, THEY MAY WIN THIS ELECTION. AND I CRY NOW OUT TO YOU: IF WE HAVE (?WIPE OUT) COMMUNISM AND WE SHOULD FIGHT COMMUNISM, NOW WE SHOULD FIGHT ANY ATTEMPTS TO DISMEMBER THE TERRITORY OF THE REPUBLIC OF THE PHILIPPINES. WE SHOULD FIGHT ANY EFFORT TO DESTROY THE REPUBLIC AND TO DO THIS, WE ASK YOU NOT TO VOTE FOR THE OPPOSITION BUT TO VOTE FOR MARCOS-TOLENTINO AGAINST [appaluse] NINOY AQUINO AND NUR MISUARI. WE HAVE NOT HEARD THE LAST OF THIS. THERE ARE MANY DOCUMENTS THAT ARE NOW BEING BROUGHT OUT. [Passage indistinct]. THERE ARE SEVERAL OFFERS OF HIGH-RANKING OFFICIALS OF NUR MISUARI'S FACTION WANTING TO COME TO THE PHILIPPINES AND TO TESTIFY BEFORE THE COURTS THAT INDEED, THIS TREASONABLE ACT HAS BEEN COMMITTED, THAT INDEED THE OPPOSITION IS TRYING TO BARGAIN AWAY OUR SOVEREIGNTY, AND THAT INDEED THESE ARE TO BE DISCREETLY PRESENTED TO OUR PEOPLE.

So, we say, now while there is still the time and the opportunity, let us get rid of this danger. Let us cry out to the entire country: Danger! Vote for the Marcos-Tolentino team. Vote for our democracy. Vote for our Republic.

My friends, listen to all these cries of your president, because I stand before you now only as a candidate. I am your weapon, your eyes; we are your, er, guardian. We will keep the peace and dignity of the Filipino nation. The Republic of the Philippines needs your assistance and in helping the Republic, you also help yourself because if bloody fighting erupts, who will be the first casualty? You, all of us. All of us will become casualties. Who will they kill first? We will be the ones to be killed because we, the little people, will not allow our land to be taken away without a fight. We will fight and fight. We will not let that day come forth.



Right now, we cry to you: We need the help of each and every Filipino. We ask not for your life, your possessions, nor your dignity. Nonetheless, we ask you, citizens of the Philippines, to use your right to vote for the Marcos-Tolentino team. Mabuhay! [applause].

The said that I could not come to Bicol because the NPA would not allow the president of the Philippines to come here, that the president could no longer move. We should all become soldiers and fight those shameless ones trying to grasp power from us.

I am a little soldier. They said that I am sick and I will die within 6 months. Is that not what they say? He is sick and will not last long. It is true that I was wounded five times during the war in Bataan and in [word indistinct]. They see that I cannot walk straight and that I limp. Well, I do limp because my left knee was hit by shrapnel, my bones were broken and nerves and tendons torn. When the weather is cold and I am tired, I do limp a little. Well, they laugh at me.

Not long ago, I presented an award to Dodie Boy Penalosa, a champion flyweight boxer, world champion. I asked him: Well -- he was stricken with polio and his left leg is thinner than the right one -- when you are fighting in the ring, does your knee hurt? Oh yes, he said. So what do you do? Oh, I remind myself that I am representative of 54 million Filipinos. I am the champion of the Filipinos, and a world champion. Once a champion, he said, act like a champion. Then the pain goes away.

So, I said to myself. Once a champion, act like a champion. I too walk straight, even if my knee hurts. I have no serious illnesses, except for, what do you call it? A cold. The reason for the cold... [changes thought]. We guerrilla leaders place flowers on the tomb of the unknown soldier -- I have told you that my father was murdered by the Japanese for refusing to serve as their governor, he was hung and I never saw his body, so, every time I place flowers on the tomb of the unknown soldier, it is like placing flowers on the last resting place of my father -- when we were there placing flowers, it was drizzling. We had no umbrellas nor hats nor raincoats. Suddenly, it poured. So all the guerrilla leaders got sick, including your humble servant. So you will excuse me if my voice is a bit hoarse. Were it not for this, I could have joined the first lady in singing to you. Oh, but I better not. The first lady sings very well, doesn't she? That is why I ask her to sing in order to ease your discomfort over having to stand there. You have reportedly been standing there for hours. I can see that the place is jam-packed. You do not even have room to clap your hands.

We thank you for everything. However, we have this to say: Everything we have done is to promote the welfare of the little people. The paupers, the unfortunate ones, and the poor, like all of us.

WE ESTABLISHED LABOR, ER, AGRARIAN REFORMS. ELEVEN THOUSAND OF THE PEOPLE HERE WERE GIVEN CERTIFICATES OF LAND TITLES. We ask our rivals: What are you going to do on land reform? If communist policies were to be followed, what would happen? All of your land will be taken away because under the communist regime, only the state may have ownership of property. You who have jeeps, tricycles, all these will be taken away because only the state may own property. They will all be taken away, the land that we gave you, your possessions. Only what you supposedly need will be given to you and the rest to be taken by the government.

I asked our rivals: What is your labor policy? We have a labor reform. Was not the minimum wage once 15 pesos? We made it 57.54 pesos a day. What do they intend to do to those reforms for the workers and the farmers? I ask this question because we need to know their plans for the small people. The majority of the Filipinos are the small people, they are poor. That is why we help the poor.



We gave the youth their rights. Fifteen-year-old youths may vote in referenda and plebiscites, while 18-year-old ones may vote in elections. What do they intend to do with these reforms? Are they going to invalidate them? What about the barangays? The barangays' rights to participate in decision-making on national issues and the future. What are they going to do about it? Education: WE HAVE, UH, 67.5 PERCENT LITERACY RATE FOR EDUCATION IN THE YEARS OF 1965 TO 1985. Are they going to stop this? In 1965, some 3 million went to school; today, 14 million Filipinos go to school. How did it happen? We put billions and billions of pesos into our citizens' education. What are they going to do on education policy? Election of barangay captains, of members to the Sanggunian [consultative body]? We allot a portion of our national income to the barangays. Are they going to take it back? ARE THEY GOING TO TAKE ALL OF IT?

Kabataan barangay [barangay youth]. Will they be abolished? They who are the hope of our future? What are they going to do, my friends, with all the reforms that we have started? We hear nothing from them. First, what is their agrarian policy? See, in Hacienda Luisita alone, they could not distribute land to their tenants. Who owns the Hacienda Luisita? My rival. Even now, the Barangay captains come to Malacanang and tell us that all they asked was a small piece of land for their homes. So far, they have not responded and they killed our leader, Barangay Capzain Sumat, on the orders of Senator Aquino. How did I know? Well, Commander Melody testified to this effect: Sumat was killed and Commander Melody said to Sumat's son: We will get even. And when Ninoy Aquino died, Commander Melody went back to the son of Sumat and said: We have gotten even.

You can see, my friends, they will do nothing on agrarian reforms. They can do nothing for you.

On labor, I helped workers materialize their labor rights. These are embodied in our magna carta of labor under the jurisdiction of Blas Ople, minister of labor and employment. Now, the question is: What are they going to do with labor rights? Take them all away -- the rights of workers that were granted by the Marcos administration? What can they give our workers?

Come closer.

I will be concluding my speech because it is beginning to rain and it is almost 4 o'clock. However, I want you to know, I have ordered through the land bank the expropriation of (Pugad) Development Corporation in Ligao, Albay. Expropriation for sale to the actual occupants of this hacienda. [crowd noises]

Similarly, I am pleased to announce to you that I ordered the land bank to expropriate these properties to be sold to the actual occupants. I HEREBY ORDER THE BOARD OF DIRECTORS REPRESENTED HERE BY MINISTER OPLE TO IMMEDIATELY IMPLEMENT THIS ORDER I SIGNED. [applause]

Power rates. You would like the electric fees lowered? [cheers] HERE IN LEGAZPI, I NOW ESTABLISH A NEW NATIONAL POLICY. IN VIEW OF THE FACT THAT THE SOURCE OF POWER IS GEOTHERMAL, NOT HYDROELECTRIC, NOT BY INDUSTRIAL FUEL, NOT BECAUSE OF CRUDE OIL, BUT ONLY THE GEOTHERMAL SOURCE WHICH IS [words indistinct]. I ORDER THAT THE POWER RATE BE BROUGHT DOWN ACCORDINGLY.

I ALSO HEREBY ORDER THE [words indistinct] THE PROMOTIONAL APPOINTMENT OF MANILA [words indistinct] GEORGE S. IMPERIAL AS [words indistinct]. NO BICOLANO HAS EVER BEEN IN THE COURT OF APPEALS NOR IN THE SUPREME COURT. TODAY, AS OF TODAY, HE IS IN THE INTERMEDIATE COURT OF APPEALS. [cheers and applause] [Passage indistinct].

I ASK THE GOVERNMENT SERVICE AND INSURANCE SYSTEM TO STUDY THE POSSIBILITY [WORDS DOWNED OUT BY CROWD NOISES].

I APPOINT A BICOLANO, SALVADOR P. BIGAY. AS ADMINISTRATOR, WELFARE FUND ADMINISTRATOR. [FAINT APPLAUSE]

I ALSO PROMOTE A BICOLANO FROM COLONEL TO BRIGADIER-GENERAL AND THIS IS MONSIGNOR DOMINGO NETRE.

I HEREBY ORDER CONSTRUCTION OF THE FLOOD CONTROL PROJECT FROM MAYON VOLCANO ALONG THE [WORD INDISTINCT] RIVER IN SANTO DOMINGO. I ORDER THE RELEASE OF 3 MILLION PESOS IMMEDIATELY. Here, this should be enough.

Friends, lest the weather deteriorate and you catch cold and we can not return to Manila, I am ending my speech.

Vote for the Marcos-Tolentino team. Mabuhay!

CALL TO DECLARE BOSWORTH PERSONA NON GRATA CITED

BK160514 Kuala Lumpur BERNAMA in English 0503 GMT 16 Jan 86

[By Kuah Guan Oo]

[Text] Manila, Jan 16 (BERNAMA) -- Legislators of the ruling party are moving to declare American envoy Stephen Bosworth persona non grata for alleged intervention in purely Philippine domestic affairs, a mass-circulation English daily said here Thursday.

The BULLETIN TODAY said the move was initiated in the National Assembly (Batasan Pambansa) and the resolution against Bosworth will be among the three major issues to be resolved by the assembly when it meets in a special session called for by Labour Minister Blas Ople.

Ople had called for the emergency session to investigate the reported "understanding" between Nur Misuari and the opposition, with the latter "agreeing" to recognise a Bangsa Moro State in exchange for support for the opposition ticket.

The paper quoted Political Affairs Minister Leonardo Perez, chairman of the parliamentary Committee on Revision of Laws, Codes and Constitutional Amendments as claiming that 'although the American ambassador has been professing neutrality and nonpartisanship in the coming elections in his public utterances, his actions betray his preference.'

Perez said Bosworth's continued demand for "a credible election" is an insult to the Filipino people for it implies that all past elections in the Philippines had not been credible and that the government is incapable of holding clean, honest and orderly elections. He said Bosworth does not have to behave like an "American governor-general during the Philippine Commonwealth days."

The paper said Assembly Speaker Nicanor Yniguez said that he is seriously studying Ople's proposal for an emergency session of the assembly which is now in recess.

The third issue proposed to be taken up by the assembly is a plan for the assembly, in its capacity as the National Canvassing Board, to take jurisdiction over the so-called "quick court," of the poll returns of the Feb 7 snap elections.



MARCOS WILL NOT TAKE PART IN DEBATE WITH AQUINO

HK151315 Hong Kong AFP in English 1248 GMT 15 Jan 86

[Text] Manila, Jan 15 (AFP) -- President Ferdinand Marcos will not take part in a public debate with election opponent Corazon Aquino because there was nothing to talk about, his campaign manager announced today.

"The opposition presidential candidate openly admits that she has no program of government and that she will still consult with her 50 advisers on the matter. So what is there to debate about," National Assembly Speaker Nicanor Yniguez said. "We feel that the public have been sufficiently enlightened on the issues in the current campaign," Mr. Yniguez, who is the president's campaign manager, said in a press statement.

Mrs. Aquino Monday challenged Mr. Marcos to a debate in a park there before the February 7 election. Her sister-in-law, Lupita Kashiwara, said Mrs. Aquino suggested as topics two issues -- "the real issue, which is Marcos himself and his performance, and the false issue of the communist bogey."

President Marcos, in power for 20 years now, has accused his opponent of having communist links, and of being incompetent to run the government.

Mr. Yniguez's reference to the "advisers" were the anonymous group which Mrs. Aquino said would help her run the government if she wins the poll.

Acting Foreign Minister Pacifico Castro also lambasted the Aquino-MNLF deal and denied opposition claims that the government has not implemented the Tripoli agreement. He said the accord for autonomous Muslim regions in Mindanao has been fully implemented, thus improving the lot of Filipino Muslims.

Aquino: Marcos 'Lied'

HK150844 Manila BUSINESS DAY in English 14 Jan 86 p 12

[Excerpt] President Marcos's charge Sunday that Agapito "Butz" Aquino has signed an agreement for the recognition of the Bangsa Moro Republic if his sister-in-law Corazon Aquino wins in the Feb. 7 snap polls, has stirred a hornet's nest. While oppositionists issued denials, government went into a frenzy of indignation to fuel the accusation.

FOCUS SHIFTS TO MNLF, ALLEGED ACCORD WITH AQUINO

Deal Called 'Top Issue'

HK160047 Manila Far East Broadcasting Company in English 0030 GMT 16 Jan 86

[Text] The reported Aquino-Muslim rebel agreement on the southern Philippines remains the top issue in the Philippine election contest. Government officials, led by Acting Foreign Minister Pacifico Castro and Member of Parliament and vice presidential candidate Arturo Tolentino, yesterday assailed the accord. Tolentino accused the opposition of extreme recklessness and treasonous diplomacy in dealing with the MNLF and agreeing to recognize the Bangsa Moro Republic. He said the integrity of the national territory of the Philippines in nonnegotiable, and any move to dismember the country must be resisted by the Filipino people.



Mrs Aquino said Marcos lied about the so-called deal made by her brother-in-law "Butz" with Moro National Liberation Front chairman Nur Misuari. Added Mrs Aquino: "Marcos's new accusation regarding an alleged secessionist deal is, as usual, a lie. I pity him."

Mrs Aquino, however, promised to respect the Muslim Filipinos' right to autonomy and to achieve "honorable" peace in Mindanao.

For his part, Butz Aquino denied signing an agreement with the secessionist MNLF chief-tain, although he admitted opening "a dialogue recently with Nur Misuari" about which Mrs Aquino "had no prior knowledge."

"Nur Misuari and I did not and do not intend to sign any agreement," he said adding that the Muslim leader "will sign an agreement only with the President of the Philippines under a democratic regime. That president, he added, "is not Mr Marcos, a man whose absence of credibility sank the Philippines into the abysmal depths it is now." He added that he had met Misuari in Madrid, Spain, earlier this month and discussed prospects of dropping the MNLF secessionist demand.

Aquino said Misuari showed he was open for any negotiations that might eventually lead to a dropping of the MNLF claim for a new state out of the country's second biggest island. "Misuari told me that if he trusted people in power he was prepared to hold talks," Aquino told journalists. Aquino said Marcos's statements showed he was "showing signs of panic."

#### Marcos Orders Offensive

BK150623 Manila PNA in English 0613 GMT 15 Jan 86

[Text] Manila, Jan 15 (PNA) -- President Ferdinand Marcos has ordered a full-scale military offensive against the foreign-backed forces of the outlawed Moro National Liberation Front (MNLF).

Addressing a campaign rally in Legaspi city, 380 km southeast of here, Mr Marcos said his order was spurred by the reported tie-up between the opposition and the MNLF. The agreement, he added, calls for the opposition to recognize the MNLF's goal of seceding the southern Philippine islands to form the so-called Bangsa Moro Republic, together with Malaysia's state of Sabah. In exchange, the MNLF has agreed to support opposition bet Corazon Aquino in dislodging the 68-year-old Mr Marcos from the presidency in next month's snap elections.

Mr Marcos, in power for the last 20 years, is seeking another six-year term to push through his national economic recovery and counter-insurgency programs.

In his order, the president said the military offensive would be largely concentrated on the group of MNLF Chairman Nur Misuari who has been directing the secessionist movement from abroad. The MNLF has been split into at least three factions due to quarrels among their leaders over the disposition of funds given by their foreign supporters. The MNLF's Misuari faction had claimed to have thousands of armed followers scattered all over the southern islands of Sulu, where the rebel chief comes from, and Tawitawi.

Mr Marcos said the military drive against the Misuari's group would be spearheaded by the rebel leader's own men who had joined the government. Some 50,000 MNLF rebels had bolted the secessionist camp since 1972, the year the rebellion erupted, following the implementation of the government's reconciliation policy.

Ali Montanha Datu Harun Babao, the secretary general of the MNLF Returnees Association, had condemned the secessionist movement and signified their willingness to fight Misuari in the hills of Mindanao. "We will never respect the opposition-MNLF agreement because we were not consulted," he told the PNA. He said their association has some 20,000 former MNLF rebels as members, including 53 field commanders, to oppose any move of Misuari to dismember the Philippine Republic.

#### Former Rebels Support Marcos

BK160351 Manila PNA in English 0335 GMT 16 Jan 86

[Excerpt] Manila, Jan 16 (PNA) -- Former rebel commanders of the banned Moro National Liberation Front (MNLF) Thursday said they would help the Philippine Government crush the remnants of the separatist movement in the south. The statement was made in separate interviews with reporters by Nur Khan, once a close aide of MNLF chieftain Nur Misuari; Mohamad Alawi Alsre, former MNLF military affairs officer-in-charge; and Shariff Omar, the MNLF deputy commander for Basilan Province on Mindanao Island.

"We are prepared to fight the remaining MNLF rebels in the hills," according to Khan who surrendered to the government early last year.

Khan, now residing in the southern Philippine city of Davao, 80 km south of here, said he could easily assemble his former men and launch immediate attacks against rebel hold-outs in the mountains. He said their pledge to help the government crush the smoldering secessionist rebellion was prompted by the reported alliance between the Aquino-led opposition camp and the MNLF to push through the creation of the so-called Bangsa Moro Republic.

#### Faction Leader Issues Warning

HK160803 Hong Kong AFP in English 0746 GMT 16 Jan 86

[By Michele Cooper]

[Text] Singapore, Jan 16 (AFP) -- Moslems seeking an autonomous region in the southern Philippines today warned of fresh military action at the weekend unless the Marcos government grants safe conduct to their political leader to return home.

Professor M. Y. Abbas, the political and foreign affairs chairman of the Moro National Liberation Front faction headed by Commander Dimas Pundato, said new military operations would begin in the south on Sunday if he was not allowed to return.

In an exclusive interview with AGENCE FRANCE-PRESSE, Mr Abbas also suggested the possibility of action in the Metro-Manila area where, he said, there was a sizable Moslem population, politically-motivated. Saying his organization would prefer to achieve its goals through peaceful means, he remarked, "unfortunately, people don't listen unless you use violence."

Mr Abbas disclosed he had already asked President Ferdinand Marcos to grant him safe conduct, with the guarantee he would be allowed to travel unhindered in Moslem-dominated areas of the southern Philippines. But so far Mr Marcos had refused to act on the request although, Mr Abbas said, it had the support of several high-ranking Philippine diplomats and officials.



Mr. Abbas, who was elected president of the legally-registered Bangsa Moro Islamic Party (BMIP) in absentia last month, said he risks arrest for his connection to the MNLF if he returns home now.

The BMIP has not yet announced support for any candidate in the current presidential election campaign, and he suggested it might remain neutral. He particularly wanted a clear statement by the Corazon Aquino camp on demands for Moslem autonomy.

Of the three main factions claiming to represent the MNLF, Mr. Abbas said Commander Pundato's forces were the strongest in the field, and he alleged that supporters of Libya-based Nur Misuari had not mounted any attacks in the past two years. He also disputed a claim that the Misuari faction had reached a "preliminary understanding" with Agapito Aquino, brother-in-law of the opposition presidential candidate. Mr. Aquino, Mr. Abbas said, telephoned him yesterday and reiterated his support for the Pundato group as they seek autonomy within the Philippines nation while the Misuari group wants full independence for the Moslem south. The Moslem population counted many well-educated people with experience in all walks of life, he said, adding: "Why do we have to secede? Maybe we will be leaders of our country one day."

He challenged Mr. Misurai to return with him to the Philippines "to demonstrate in what areas he can give votes," and he suggested the policy of an internationally-supervised vote to "decide who represents the Moros."

The Philippines cannot afford to wait any longer on the Moslem issue for the unrest has resulted in heavy financial losses for the region and the country, Mr. Abbas said. "National stability depends on solving the problems in the south," he said.

On the forthcoming elections, Mr. Abbas said it was unlikely the opposition would win, noting there was always the possibility of vote-rigging by government forces. The race would be extremely close if balloting were free and fair, he said.

Mr. Abbas meanwhile disclosed that he had met at length with Palestine Liberation Organization leader Yasir 'Arafat in Tunis on December 25, when the PLO chief agreed to "recognize and support" his organization. Proclaiming the group was "not an instrument of anyone," he said funds for their action came from business dealings by some 500 Moro businessmen around the world, who at times acted as agents for groups such as the PLO.

Mr. Abbas, who left the Philippines in 1978, is an executive with offices in Jeddah, Kuala Lumpur, Washington, London and Frankfurt.

#### Editorial Condemns Deal

HK150715 Manila PHILIPPINES DAILY EXPRESS in English 14 Jan 86 p 4

[Editorial: "Enslavement and Dismemberment"]

[Text] The Aquinos never cease to amaze. First Mrs. Corazon Aquino, according to the London newspaper THE OBSERVER, had agreed to accept Communists into her government, should she win, and had in fact promised the NPAs that they would head the ministries of foreign affairs, finance and education. Now her brother-in-law, Agapito (Butz) Aquino, is reported by the French News Agency to have agreed with Nur Misuari, head of the Moro National Liberation Front, to give away all of Mindanao to the MNLF -- again should Mrs. Aquino win -- and let them run it as an independent nation of their own.



It is easy to understand why President Marcos could hardly contain his outrage at these latest moves by the Aquinos. "A sellout," was how he described the Aquino-MNLF deal, and worse: "an act of treason." No one can dispute that anyone who actively conspires to dismember the republic is indeed guilty of treason. The Cory Aquino-NPA deal and the Butz Aquino-MNLF agreement illustrate to what depths the opposition will descend to win votes. These are signs of desperation, exposing the emptiness of its boasts about its prospects in the balloting. Only candidates with their backs to the wall would think of anything as outrageous and desperate as delivering the country to the Communists on the one hand, and to secessionists on the other, just to win their electoral support. What of the vast majority of the Filipino people -- surely 99 percent -- who abhor Communism and all its work, and who will defend the republic's sovereignty and territorial integrity to the death?

If these machinations of the Aquinos were nothing more than election gimmicks, then they could be dismissed as trivial and unimportant. But there is nothing trivial or unimportant about condemning the Filipino people to Communist enslavement on one hand and dismemberment on the other. If the NPAs ever get their paws on the vital ministries promised them by Mrs. Aquino then it will surely be just a matter of time before they devour the entire country. Any student of history knows that such a denouement would follow inevitably. The countries that have sunk behind the iron curtain and have remained there bear eloquent witness to this truth.

Butz Aquino's "act of treason" is no less devastating. For more than a decade President Marcos and the government, by a combination of patience, massive economic aid to Mindanao, negotiations, compassion and understanding, the extension of autonomy and skillful diplomacy, have reduced the MNLF problem from something of a conflagration initially to the dying embers that it is today. Thousands of our Muslim brothers have returned to the folds of the law and have rejoined peaceful society. The Arab-Muslim states which in the beginning held misconceptions about the nature of the conflict have, after they finally recognized its economic and social roots, steadfastly been helping the government to achieve a solution and have as steadfastly insisted that such a solution must not in any way impair the republic's sovereignty and territorial integrity. Butz Aquino in a frantic and desperate search for votes for his sister-in-law, is pouring oil on those dying embers, trying to inflame a new conflagration. This is more than criminal irresponsibility; President Marcos has correctly identified it as "treason," and Aquino should be called to account.

The Aquinos can no longer take refuge behind the excuse that they do not know anything about running a government. It is true they don't, but it takes the most minimal level of intelligence to know that to throw the Filipino nation to the mercies of ruthless NPAs and opportunistic secessionists is to doom it to total destruction.

#### PNA Reviews MNLF Background

BK160504 Manila PNA in English 0400 GMT 16 Jan 86

[PNA carried the following "Editors' note": "Following is a backgrounder on the controversial secessionist issue which, although considered moot and academic in the Foreign Ministry circle due to the Philippines-Libya agreement in 1976, had been revived by the political opposition in the wake of the Feb. snap presidential elections."]

[Text] Manila, Jan. 16 (PNA) -- The ultimate goal of the separatist Moro National Liberation Front (MNLF) headed by foreign-based Nur Misuari is the creation of an independent state composed of the southern Philippines islands of Mindanao, Basilan, Sulu, Tawitawi and Palawan.

Misuari justified the MNLF position with this statement: "We are Moslems, part of the Moslem nation and not of the Filipino nation. Our people have clearly expressed their will to be a separate nation, and we cannot be part of the Filipinos."

Even after he reluctantly signed the Tripoli agreement of 1976 in Libya, which granted autonomy to Muslim regions in the south, Misuari did not depart from his separatist goal. This was clearly shown when his rebel group refused to participate in the referendum in 1977 which sought to determine the provinces to be included in the Muslim autonomous regions.

He also ignored President Marcos' offer for his rebel organization to occupy the majority membership -- including the chairmanship of the provisional government that would supervise the referendum. In subsequent talks in Manila in April 1977 between government and rebel representatives to discuss implementation of the principles of Muslim autonomy, Misuari's group revived the scheme for a "Bangsa Moro Republic."

They made demands that would clothe them with the attributes of sovereignty: Their own flag and their own administrative, judicial, educational, economic and financial systems. Another demand was for the creation of a separate army paid, armed, trained and equipped by the Philippine Government but under the direct and sole command of the rebel leadership.

These demands were openly violative of the Constitution of the Philippines. If granted, they would make a mockery of the national sovereignty and deprive the Republic of large portions of its historic territory. Misuari's uncompromising position caused the collapse of the talks.

Misuari tried to sell his idea of a free and independent Bangsa Moro Republic to the Islamic states, but he was rebuffed many times. In the Tripoli, Libya, negotiations, he was told that whatever agreement the panelists would arrive at should be made within the context of Philippine sovereignty and territorial integrity.

Forced to drop the demand for territorial separation, Misuari modified his stand by asserting the concept of the Bangsa Moro people. But this was only a tactical move on his part. Misuari never intended to renounce his original intention of total independence. He believed in the principle that a nation can exist even without territory -- as in the case of the Palestinians and the Jews (before the creation of Israel). He believed the existence of a nationality precedes the demand for a homeland.

Events showed the MNLF forces under Misuari had no intention of giving up the fight despite the signing of the Tripoli agreement. When a ceasefire was declared in 1977, his men took advantage of the lull in fighting and to accelerate recruitment and training of new cadres. To augment rebel finances, MNLF field commanders resorted to extortion, kidnapping, robbery, illegal taxation and smuggling.

In open violation of the ceasefire, the MNLF rebels mounted [an] attack on government military outposts and civilian targets. They also intensified their terrorist activities, resulting in the liquidation of military and civilian officials, destruction of homes, farms and industrial sites and deaths of innocent civilians. From 1977 to 1979, a total of 636 ceasefire violations by the rebels were reported.

Meanwhile, Misuari continued to live abroad and no one knew when he would return to the country. His life abroad is comfortable and safe, compared with the hard existence of his field commanders. He said his life is in danger if he returns to the Philippines.

By the late '70s and early '80s, MNLF field commanders, among them Amelil Malaguio, Al Hussein Kaluang, and Nur Khan, to mention just a few, and their followers returned to the fold of the law. They gave up fighting partly because of their differences with Misuari. They resented the way Misuari was conducting the rebel campaign, dictating orders to field commanders from thousands of miles away. They also disagreed with Misuari's insistence on seceding from the Philippines.

Many of Misuari's followers, dissatisfied with his leadership, broke away from his group. Hasim Salamat, who formed his own rebel faction, charged that the MNLF leadership "was being manipulated away from Islamic basis, methodologies, and objectives and fast evolving towards Marxist-Maoist orientation." Salamat's faction is now known as the Moro Islamic Liberation Front (MILF). His group decided to drop the word "national" and changed it to "Islamic" to "underscore Islam as the rallying point of the Bangsa-Moro struggle."

Another group of rebels that bolted from Misuari is the so-called MNLF reformist group headed by Dimas Pundato. This group is demanding reforms within the MNLF -- at solving its leadership and organization problems.

#### SPECULATION SURROUNDS STATE OF MARCOS' HEALTH

##### Opposition Seeks Disclosure

HK160521 Hong Kong AFP in English 0514 GMT 16 Jan 86

[Text] Manila, Jan 16 (AFP) -- Opposition leaders have sought an official disclosure on President Ferdinand Marcos' health alleging that his aides physically prop him up whenever he campaigns, the daily INQUIRER said today.

Ex-Senator Jovito Salonga, head of the coalition group Laban [People's Struggle] supporting challenger Corazon Aquino's candidacy, was quoted by the INQUIRER as saying: "President Marcos owes it to the Filipino people to inform them of his condition."

The newly published INQUIRER, which claims to be independent, also quoted Laban Vice-President Teopista Guingona as saying: "There are strong indications that the president is ill." Emmanuel Soriano, another Laban vice-president, told the INQUIRER some of the president's scheduled campaign rallies for the Feb. 7 presidential elections "have been cancelled recently," reportedly because of ill health.

Many local and foreign newsmen covering the president's campaign have remarked that he has to be carried to the campaign platform by aides because his legs have become weak. Mr. Marcos admits his legs are wobbly. The president says this is due to shrapnel wounds he incurred as a soldier during World War II. The infirmity would indicate why he has covered much less territory during this campaign than his rival, wife of murdered opposition leader Benigno Aquino. The president, 68, disappeared from public view for about two months in late 1984 amid widespread speculation he had died or was on the verge of dying. The president later said that an unnamed virus had brought him down.



U.S. intelligence circles recently reported the president is stricken with the degenerative disease lupus erythematosus and that he underwent two kidney operations, the first in 1983, the second in 1984. Mr Marcos has denied this.

Meanwhile, a church-backed weekly magazine today said Mr. Marcos, rather than Mrs. Aquino as her poll rival has suggested had communist links. VERITAS magazine in a cover story cited the chief executive's "political settlement" in 1974 with the Partido Komunista ng Philipinas (PKP) as proof of his supposed "communist connection."

VERITAS, backed by Manila Archbishop Jaime Cardinal Sin and prominent businessmen, said PKP chief Jesus Lava was freed from prison and other PKP leaders were given landholdings and government positions as part of the deal. Mr. Marcos considers the "settlement," which occurred while the country was under martial law, an outright surrender, and often cites it in speeches as proof of his ability to defeat communists. The Moscow-leaning PKP was the group from which the Maoist Communist Party of the Philippines (CPP) sprang in 1968. The CPP's estimated 15,000-strong New People's Army (NPAO) is now at the forefront of a growing insurgency.

Mr. Marcos in the current campaign has accused Mrs. Aquino of having links with the CPP-NPA, and her slain husband of having co-founded the CPP-NPA in the sugar plantation of Mrs. Aquino's family.

#### WE FORUM Article

HK150801 Manila WE FORUM in English 7-13 Jan 86 p 10

[Text] "My opponents say I am sick and will not last for six months, but you know they've been saying that for three years," a visibly irked President Marcos told the jam-packed grandstand crowd at Lucena City last week.

Earlier, in another rally in Malolos, Bulacan, Mr Marcos also took potshots at his opponents for speculating on his health, and resurrected an old taunt at his foes, saying, "If they doubt my fitness, we can have four rounds boxing in the ring," adding he was once a boxer in the bantamweight division during his student days at the University of the Philippines.

He explained before both audiences that if he "limps a little" it is because of "old wounds" he got during the war. "I was hit five times," Marcos said, and noted that the most serious was when he was hit in the left leg by shrapnel which tore through the leg bones and hit some nerves. Mr Marcos war exploits earned for him a number of medals, some of which were later questioned by some quarters for allegedly being 'fake.'

Waxing poetic during his Lucena speech, the President said his political foes laugh at him and deride him when he limps, but says he understands, adding, "they laugh at scars that never felt a wound." Indeed, Mr Marcos' health has been the subject of animated discussions in coffee shops, executive meetings and conferences, and even gets to be talked about among housewives on their way to market.

Indeed Mr Marcos' health has never failed to elicit interest wherever three or more persons are gathered to discuss the current political events in the country, and how the much-vaunted KBL juggernaut can withstand the snowballing move to elect the widow of assassinated opposition leader Benigno Aquino Jr.

If the groundswell of sympathy generated for Corazon Aquino indicates one thing, it is that Filipinos feel part of the blame for Ninoy's death due perhaps to their apathy and indifference, and would now want a national cleansing of that guilt by voting in Cory to the very position her husband was angling for before his political career was aborted. In the midst of all that groundswell of sympathy for Mrs. Aquino, one finds Mr. Marcos curiously unperturbed, boasting to all and sundry his capacity to take in the rigors of the election, and yet, obviously unable to show the same zeal and energy as the 52-year-old widow and her equally young and vibrant partner.

As Cory and Doy Laurel, her running mate, barnstormed through the countryside "as if there's no tomorrow," Mr. Marcos and his running mate, 75-year-old Arturo Tolentino, seemed to be biding their time. As the campaign hit the midway mark, the Cory-Doy team had reached more than 25 provinces and cities -- where there was "more than enthusiastic response from the hometown crowds." The KBL "partners," on the other hand, have yet to reach at least 10 of these vote-rich areas. In Lipa, Paoay, Malolos, San Pablo and Lucena, crowds would swell to watch the comedy skits and song and dance numbers by movie and TV stars, but these same crowds would hastily leave in droves as soon as the speeches begin. "They do not care about Mr. Marcos' health or feared manipulation of poll results to thwart the voters' genuine sentiments," lamented a concerned barangay official in one of the rallies.

Gone was the quivering voice that marked Mr. Marcos' Malolos rally. In Lucena, the familiar booming voice was back as he attacked his foes with the political artillery he holds at his fingertips. "He must have recovered from his illness," said one barong-clad observer at the rally. But as soon as he ended his speech, Mr. Marcos had to be helped off the stage by his burly bodyguards. Wire service reporters noted the President as being "visibly tired" after having gone to Quezon province as he resumed his out-of-town sorties over the weekend. Mr. Marcos, according to the wire report, was seen "huffing and puffing" as aides helped him down the stage and into the presidential limousine.

The AGENCE FRANCE PRESSE noted that security aides had to help the 68-year-old President in getting out of the car and in boarding the white-and-blue helicopter he uses in his provincial jaunts. At one point in the middle of the Malolos rally, Mr. Marcos suddenly disappeared from his seat and was nowhere to be seen. But those in front of the stage said he repaired to a cubicle at the back and when he came back he kept wiping his face with a white hankie. He apologized later, saying his eyes are watery because he's got colds.

Keen-eyed observers have noted with curiosity that makeshift stages in most KBL rallies in the provinces have a built-in cubicle dead center at the back of the stage which is always closed, and where the President repairs to for brief respites. Some have speculated it to be some form of "holding tank" where one gets quick treatment away from the prying eyes of the public, particularly nosy journalists.

Yet another indication, perhaps, that the KBL strongman is not as strong as boasted is the fact that the KBL campaign team was divided into four, purportedly to maximize coverage of the provinces. This means Marcos will personally cover less ground than announced, even though he earlier claimed he was just waiting for Cory to tire herself out, and would resume the campaign with vengeance.

From all indications, he does not act as if he's running scared, or that he's bent on erasing the ground covered by the peripathetic widow. Pundits say it's either he's too tired or he's too confident his election machinery will "take care of everything." Either way, it only means people have to be on their toes always.

OPPOSITION CLAIMS KBL PLANNING TO DISRUPT VOTING

HK151559 Quezon City ANG PAHAYAGANG MALAYA in English 8 Jan 86 pp 1, 6

[By Benjie Guevarra and Joey Salgado]

[Text] A top leader of the moderate Bandila [Flag -- an alliance of "social" and "liberal" democrats] coalition yesterday disclosed an alleged plan by KBL partisans to disrupt voting in known opposition strongholds during the Feb. 7 snap election.

Chairman Teofisto Guingona of Bandila, breakaway group from the multi-sectoral Bayan [Bayan ang Bagong Alyansang Makabayan -- New People's Alliance] Alliance, also said ruling party stalwarts plan to buy off Namfrel [National Citizens' Movement for Free Elections] volunteers and teachers in polling precincts in at least five regions to ensure the Marcos-Tolentino ticket would get 85 percent of the votes. Guingona said evidence is being completed to show the existence of the KBL plan although he did not release any documents at a public forum yesterday where he made the disclosure on the "terror plot."

Opposition strongholds throughout the country are being singled out for terror tactics by armed men disguised as communist New People's Army rebels to disrupt election proceedings, he said. He did not identify those areas pending the completion of evidence being gathered by an opposition network nationwide.

Guingona also identified five regions where the ruling party intends to buy votes and buy off Namfrel volunteers and teachers serving in the polling precincts. The five are Ilocos Norte, Cagayan Valley, Eastern Visayas, Western Mindanao and Central Mindanao. The Commission on Elections would have to call off the election in those troubled areas, thus forestalling an opposition landslide, Guingona said.

KBL Dismisses Claim

HK160149 Quezon City ANG PAHAYAGANG MALAYA in English 9 Jan 86 pp 1, 6

[By Butch Fernandez]

[Text] Saying it "appreciates the creativity" of oppositionists, the Kilusang Bagong Lipunan yesterday laughed off the disclosure of an alleged election day "terror plot" purportedly devised by the ruling KBL to mar the Feb. 7 poll in opposition bailiwicks as "a product of pure fantasy."

"I can only appreciate the fantastic creativity of Mr. Guingona in coming out with such imagined plans to disrupt or derail elections on Feb. 7," said former MP Jose Tumbokon, now presidential adviser on general matters. Tumbokon was reacting to a charge made by former Con-Con [Constitutional Convention] delegate and Bandila chairman Teofisto Guingona.

Guingona, speaking before members of the religious sector during a recent forum on the Feb. 7 snap poll, bared an alleged KBL plan to "disrupt voting in known opposition strongholds to justify and force the Comelec [Commission on Elections] to call off election in supposedly troubled areas." This developed as a national federation of farmers claiming a membership of 2.5 million nationwide, and the Metro Manila councilors, threw their support behind the KBL tandem of Marcos and Tolentino.



According to Tumbokon, the KBL leadership "appreciates the fantasy and creativity of Mr. Guingona." "We cannot blame the opposition for being unfriendly," he said, adding that "perhaps they are panicking."

Reiterating an earlier assurance by President Marcos, Tumbokon said the KBL leadership "pledged that this is going to be a free and honest election and so we are pursuing that goal." Guingona's accusations, he said, merely betrays "the evil notions of the opposition."

During the dialogue with the clergy, Guingona also charged the KBL with having hatched a devise to "bribe" Namfrel [National Movement on Free Elections] volunteers and teachers and other election officials in voting precincts in Ilocos Norte, Cagayan Valley, Eastern Visayas, Western and Central Mindanao to ensure a Marcos-Tolentino victory.

Other opposition sources said employees in several have confirmed the distribution of "voting data" forms to government personnel as part of a "grand scheme" to mobilize some 500,000 people to work for Mr. Marcos re-election bid. Under this plan, sources said each government employee will enlist 10 of his friends and relatives who are qualified voters and known to be sympathetic to the KBL.

A KBL supporter, however, debunked such rumors but said: "There is nothing wrong in getting people to vote. Surely, political parties engage in partisan activities meant to persuade the electorate to their side but we do not coerce."

Meanwhile, the National Congress of Farmers Organizations [NCFO] and the Metro Manila Councilors were reported by the Presidential Palace press office to have thrown their support behind the Marcos-Tolentino ticket. Malacanang said that "upon the request of an NCFO delegation which paid the president a visit at the Palace yesterday, the chief executive had ordered, among others:

- Implementation of the local government code which provides for sectoral representation for agricultural, industrial and youth sectors in all municipal, city and provincial councils.

- Exemption from all taxes of labor unions and peasant and worker cooperatives.

- Giving of priority of deserving landless small farmers in the distribution of agricultural public lands, forest lands suitable for tree farming, and marshlands suitable for fishpond development.

- An inventory of all public lands in the metropolitan areas to be done immediately with the view to distributing said public land to deserving occupants and other landless residents.

- Immediate distribution of all Certificates of Land Transfer which have not yet distributed, and the completion of the land valuation of lands transferred. This is to be done in order to speed up processing by the Ministry of Agrarian Reform and the Land Bank.

- Inclusion in the agrarian reform program of private lands not devoted to rice and corn, starting with idle and abandoned lands, foreclosed lands by banks or credit institutions, and lands about to be sold by their owners.

- Promotion of massive production and use of organic fertilizers and other farm inputs.

The president, however, failed to act on two other measures proposed by the NCFO demanding that "big corporate farms and multinational corporations should not be allowed to occupy and develop agricultural lands at the expense of small farmers and settlers."

The NCFO position paper, transmitted to the President by Batasan speaker and KBL general campaign manager Nicanor Yniguez, also sought presidential intervention in convincing "all Cabinet members and other top-ranking government officials to place their lands, whether rice or corn lands or not, under Operations Land Transfer, especially those lands that have been acquired during their incumbency." Malacanang did not say what action, if any, the president made on this particular demand.

At the same time, the presidential press staff reported that Minister of Coconut Industries Rolando de la Cuesta belied charges made by the opposition that "a monopoly exists in the coconut industry."

#### AQUINO TARLAC CAMPAIGN LEADER KILLED BY GUNMEN

HK160049 Manila Far East Broadcasting Company in English 0030 GMT 16 Jan 86

[Text] Gunmen shot one of opposition candidate Cory Aquino's local leaders yesterday in the first reported killing in the Philippine presidential election campaign. Opposition leaders charged that the killing, in Mrs Aquino's home province of Tarlac, north of Manila, was aimed at frightening her supporters in the election contest.

Former Congressman Jose Yap said the victim, Jeremias de Jesus, was shot a day after the man went to see a U.S. Embassy political officer with reports of armed men terrorizing opposition supporters in the province. Yap said he was checking reports that De Jesus' driver was also killed in the shooting. Yap said he had no details of the incident.

Assemblyman Luis Villafuerte said reports from the area noted that De Jesus was aboard a jeep when he was shot.

#### AQUINO TO FIGHT COMMUNISTS WHO REFUSE CEASE-FIRE

HK151259 Hong Kong AFP in English 1244 GMT 15 Jan 86

[Text] Kalibo, Philippines, Jan 15 (AFP) -- Corazon Aquino today said she would fight communist guerrillas who refuse to lay down arms and hold ceasefire talks with her if she won the Philippines' presidency.

Hundreds of residents, some of them painted black for an annual festival, danced and stomped their feet to drums as Mrs Aquino, the opposition's bet against President Ferdinand Marcos in the February 7 poll, arrived in this central town, a major tourist destination in the region.

Asked by reporters what she would do if the communist New People's Army (NPA) refused to lay down their arms, Mrs Aquino replied: "We will have to deal with them forcefully." Last month Mrs. Aquino said she would call for a six-month ceasefire in the 16-year-old rebellion and hold talks with leaders of the 15,000-strong NPA, the armed wing of the banned Communist Party of the Philippines.

President Marcos, who took a day-long rest in Manila from the campaign trail today, has accused Mrs Aquino of having communist links and charged that she would deliver the government to the communists if she won the poll.



The latest issue of the communist party's organ, THE NATION, sent to AGENCE FRANCE-PRESSE in Manila today reaffirmed a communist boycott of the poll. It criticized Mrs Aquino for allegedly having no "specific program of government" and said the poll would be a "political swindle" intended to keep the 20-year-old Marcos administration in power for six more years.

Mrs. Aquino, widow of opposition leader Benigno Aquino who was slain in 1983, also said she preferred deputy military chief Fidel Ramos to head the Armed Forces if General Fabian Ver retired before the election. "I think Ramos is better than Ver," she said, but added that the 57-year-old Lt Gen Ramos would have to leave under her administration, consistent with her pledge to fire all generals serving beyond retirement age.

Mr Marcos said yesterday that Gen Ver, who was acquitted along with 25 others on murder charges in connection with the Aquino murder, "will probably retire" before the poll and indicated that Lt. Gen. Ramos would replace him.

On the country's economic crisis, Mrs. Aquino said: "I'm not promising a miracle and I would like the Filipino people to know that sacrifices will be asked. I think if there is cooperation between the new leadership and the Filipino people, this country will still be able to hurdle the present difficulties."

Mrs Aquino, scheduled to address a rally here later today, arrived with running mate Salvador Laurel from an 87-kilometer (52.2 mile) motorcade from Roxas City that included whistle-stop rallies in six towns.

Combat troops mingled with residents who lined the streets along the route. Army Captain Roberto Lopez told AFP in Mambusao town that they were merely providing security to the candidates.

Only about 500 people, according to independent estimates, met Mrs Aquino on arrival today, as the town prepared for a yearly festival featuring street dancing by residents painted black.

In Manila, government lawyers representing the state-run television station today denied before a hearing of the government's poll watchdog agency that the station was giving more air time to Mr Marcos.

A decision on the "equal time rule" is to be handed down tomorrow, the Commission on Elections (Comelec) announced.

Mrs Aquino's party, which had filed a complaint, today also was questioning the alleged refusal by the government station and another privately-owned network to air two of her campaign commercials. The 30-second commercials featured still photos of victims of summary executions allegedly carried out by the military, and videotapes of riot police clubbing and hosing down anti-government demonstrators, with a voice-over from Mrs Aquino at the end.

The head of the government censors' board said the stations had refused the commercials because the opposition had failed to secure a government permit for their showing. "The board must screen, review and examine all TV programs, including publicity materials such as advertisements, trailers and stills for TV broadcast or for general viewing before they are aired," censors chief Juan Sison said in a statement.

CPP LEADER SUPPORTS AQUINO; DENIES ADVISORY ROLE

OW160031 Tokyo KYODO in English 0011 GMT 16 Jan 86

[Text] Manila, Jan. 15 KYODO -- The imprisoned leader of the Philippine Communist Party, Jose Ma. Sison, expressed support Wednesday for opposition candidate Mrs Corazon Aquino in the February 7 presidential election. Sison, detained in a military camp since 1977, issued a statement and said he is "sympathetic to her stand for civil rights and for seeking justice against the fascist dictatorship" of President Ferdinand Marcos.

Sison, however, denied Marcos' allegation that he is one of Aquino's communist advisors, accusing the president of fabricating stories and whipping up anti-communist hysteria. "Mr Marcos should know that he himself has put me under maximum military detention for a long time already," Sison pointed out, explaining that in his confinement he could not "perform the role of adviser to anyone."

Sison said that contrary to Marcos' claim, he "did not found and organize the CPP and the New People's Army (NPA) with the participation of either Ninoy Aquino or any relative or friend of his at Hacienda Luisita." Hacienda Luisita is a 6,000-hectare sugar plantation in Tarlac Province owned by the family of Mrs Aquino.

The military's complaint against him, Sison said, states that the CPP was founded in Pangasinan in 1968, and the NPA in Capas, Tarlac, in 1969.

Sison said: "Mr. Marcos never tires of using the line of rabid anti-communism to achieve his purposes. 'The main campaign line of Mr. Marcos is anti-communism so that he can continue obfuscating the fundamental issues against his fascist regime, intimidating his opponents and the entire electorate, using the military and paramilitary forces to back up or to directly carry out massive electoral cheating...and laying the ground work for the escalation of counter-revolutionary violence.'"

The military and militia forces should be held responsible for any "occurrence of incidents to disrupt or tamper with the electoral process," Sison said. Sison added that published reports have said that the CPP had already ordered the NPA not to interfere during the voting on February 7.

Expecting "wilder anti-communist attacks against me and other persons," Sison authorized an officer of a committee looking after his welfare to speak for him whenever necessary.

BAYAN ASSAILS MARCOS, AQUINO STAND ON U.S. BASES

HK150743 Quezon City ANG PAHAYAGANG MALAYA in English 6 Jan 86 pp 1, 6

[By Joey Salgado]

[Text] There is no "substantive difference" between the positions taken by President Marcos and opposition standard bearer Corazon Aquino on the U.S. bases in the country, for both are addressing the issue with the view of courting the nod of the United States government in the coming snap election, the Bagong Alyansang Makabayan [Bayan -- New People's Alliance] said yesterday.

By saying they are keeping their options open after the expiration of the RP-U.S. Military Bases Agreement in 1991 and refusing to categorically pledge for the dismantling of the bases, Bayan said the opposition candidates have revealed themselves as "puppets of U.S. imperialism" like Marcos, "who would continually sacrifice the nation's sovereignty and basic interests to hold sway over the reins of government."

The Bayan statement, coming a few weeks after it submitted a 15-point program of government to the Unido [United Nationalist Democratic Organization] presidential and vice presidential bets, which, among others, called for the dismantling of U.S. bases after 1991, is thus far the strongest indictment of the opposition slate made by the political federation.

Saying that the issue of the U.S. bases "draws the thickest line of distinction" between a truly propeople candidate and a masquerading one, Bayan accused Unido of "circumventing the issue by deciding to respect the bases until 1991 and remaining non-committal on their retention or dismantling when the bases agreement expires."

Cory Aquino had earlier stated her preference to dismantle all U.S. military installations in the country, but later softened up. Bayan said the opposition is aware that in all presidential elections in the country, "It is the U.S.'s vote that really matters." "Thus, they have toed the same line as Marcos on the U.S. bases question," they added.

The political federation, with some one million members nationwide, said the United States had earlier hoped that the bases would not be raised as a campaign issue. But Marcos fired the opening salvo on the raging bases debate, knowing that "it is on this issue that he can clinch further U.S. sponsorship of his regime, or that he can unmask the true political character of his opponents to rob them of any fighting edge over the electorate."

With Mrs. Aquino backtracking on the bases issue, Bayan said the people are left "without a choice for a tenable alternative to Marcos in the coming election."

Bayan, which has decided to stay away from the Feb. 7 emergency election for the country's presidential and vice presidential posts, added that despite the Opposition's willingness "to play into U.S. hands, they still stand no real chance of gaining support in lieu of Marcos." The opposition's refusal "to carry the popular demand for the dismantling of U.S. military bases has only highlighted the futility of participating in the snap election," Bayan added.

#### BAYAN OFFICIAL SEES 'NO CHANCE' FOR AQUINO WIN

HK150934 Manila WE FORUM in English 7-13 Jan 86 p 3

[By Joey Salgado]

[Text] A top to bottom government revamp, ousting of disloyal local officials, and a possible crackdown on moderate and radical opposition groups are the possible results of a Marcos victory in the coming snap poll, a result described by several political analysts as inevitable.



The Bagong Alyansang Makabayan, [Bayan -- New People's Alliance], which decided to stay away from the February 7 snap presidential and vice presidential elections, said that while the decision to call an emergency election was mainly a product of the wily Marcos mind, the United States government stands to gain from a Marcos-Tolentino victory.

Says J. Virgilio Bautista, Bayan's director for electoral struggles, the U.S. is only interested that the snap election be perceived as fair and honest, which is different from being truly fair and honest. But lately, the U.S. government has been charged with trying to influence the Feb. 7 poll results, ironically by members of the ruling party. And observers see all the makings of an all-American show. Saying a Marcos victory was a "foregone conclusion", the National Democratic Front (NDF) has put the election in sharp focus: "The more fundamental issue is the relevance of snap election to the people's sufferings and hardships under the tyrannical rule of the U.S.-Marcos regime's 'economic recovery program' is turning into an economic planning nightmare."

KBL partisans have raised a howl over reports of fresh donations from the American Federation of Labor-Congress of Industrial Organizations, the largest labor center in the U.S., to the Trade Union Congress of the Philippines [TUCP]. The TUCP, which has opted to withhold support to any candidate and instead campaign for active poll participation, denied accusations made by KBL Batasan member Salvador Britanico that the new money, some \$1.5 million, according to KBL sources, will be used in the coming election. Insiders say that the KBL solon was irked by the recent affiliation of the militant Manila Public School Teachers Association (MPSTA) and the Association of Leyte Teachers with the TUCP. Considering the crucial role to be played by teachers in the coming poll exercise, the KBL feels that, through the TUCP, the U.S. will "manipulate" election returns to prevent a landslide win for the KBL.

There is, of course, the worn-out charges against the National Citizens Movement for Free Elections (Namfrel). Rumors of its alleged links to the Central Intelligence Agency began in the 1950s when it assisted in ensuring the victory of Ramon Magsaysay for the presidency. The whole affair was later unmasked by a former CIA man as an "agency operation."

Bayan, a major grouping of some 50 cause-oriented organizations nationwide, views the whole election brouhaha from a different angle. "It was Marcos who called the election in the first place. It was never his intention to relinquish power to the Opposition. Foremost on his mind was to consolidate his power while he is still on good terms with the U.S. government."

Bautista added that while Cory Aquino is "definitely a better alternative to Marcos," there is no chance for her to beat Marcos in a fair fight since all the cards are in Marcos' favor. When asked whether a repeat of the 1984 opposition victory in the Batasan was possible, Bautista said there was no way for Marcos to allow the people's will to unseat him. "The 1984 election was totally different, since there was, as an opposition leader revealed, an understanding between the U.S. and the opposition that they would be given as much as 30 per cent of the seats in the Batasan. If you will recall, reports of cheating and electoral terrorism only started after Marcos realized that the opposition was taking in more than the agreed 30 per cent." Besides, the Batasan remains a useless political entity, despite the presence of the opposition, he added.

Marcos has indeed been keeping a keen eye on government functionaries. Government employees have been told to shape up, or lose their jobs.

While harping on bureaucratic inefficiency and corruption as the reasons behind the threatened shakeup, the opposition has charged Marcos with giving more space to political proteges and Marcos' loyalists. Defections have rocked the KBL in several regions, and for sure, punitive actions against "undesirables" are being hatched by KBL henchmen.

Adds Bayan: "Once Marcos wins, there's no stopping him from cracking the whip on his opponents, both within and outside the ruling party."

A fresh "mandate" for Marcos, granted that domestic and international public opinion consider it fair and honest, would also give the U.S. more leeway in propping up the crumbling regime. U.S. policymakers have been at loggerheads over the issue of using the carrot or the stick in dealing with the palace occupant. But while there has been considerable pressure for reforms from the U.S. government, American policymakers are still in a quandary: Marcos may be unpopular, but he is still the ablest protector of American business and military interest in the country.

#### TIMES JOURNAL REPORTS 14 JANUARY BOMB BLAST

HK160613 Manila TIMES JOURNAL in English 15 Jan 86 pp 1, 4

[Text] One man was seriously wounded when a bomb exploded in a street several hundred meters from a plaza where President Marcos had just addressed an election rally in Legazpi City yesterday, police said.

Col Cesar Aberilla, the provincial PC [Philippine Constabulary] commander, told the ASSOCIATED PRESS he believed the explosion was not connected with Marcos' visit because it occurred "far" from the plaza and that Marcos already was on his way to the airport to return to Manila.

Lt Genesius Molto, who said he heard the explosion, said it occurred about 400 meters from where Marcos spoke and that police were still investigating whether it had any connection with Marcos' presence. Aberilla said it occurred about three kilometers from the rally site.

Police said they were able to recover lead fragments in the street where the blast occurred and were trying to determine what type of explosive device it was.

Police estimated that 10,000 people welcomed Marcos when he arrived in Legazpi to campaign for the Feb. 7 election against opposition candidate Corazon Aquino.

Eduardo Peralta, a local resident, said he was inside his house when he heard "a loud explosion." Rushing out, he saw a man, identified as Salvador Ante, 75, lying in the street bleeding.

Police said they have made no arrests.

#### COMELEC WARNS MEDIA TO ALLOT EQUAL TIME, SPACE

HK150713 Manila BUSINESS DAY in English 14 Jan 86 p 12

[Text] The Commission on Elections [Comelec] yesterday warned television stations and publications that their franchises will be revoked if they continue violating the equal time and space rules on election propaganda.

This warning was issued by Comelec chairman Victorino A. Savellano who added that the mandatory injunction will be issued to compel all broadcast and print media to grant the accredited political parties or their candidates equal air time for radio and TV, and space in newspapers and magazines.

Savellano issued the order after opposition presidential bet Corazon Aquino complained before the Comelec last Friday that Channel 4 and 13 are violating the equal-time-rule. Thus two TV stations are giving free air time to the Kilusang Bagong Lipunan sorties while it ignores that of the opposition, the United Nationalist Democratic Organization, in particular, Mrs Aquino said.

A hearing of Mrs Aquino's complaint is set for 10 a.m. today. However, Channels 4 and 13 filed yesterday afternoon before the Comelec legal department a motion to postpone the hearing. The two stations requested the poll body for three or five more days to answer the opposition's charges. The Comelec was still discussing the request last night.

Savellano also said he is ordering all regional and provincial election registrars to look in their areas for violators of the provision of the Omnibus Election Code regarding the use and employment of press, radio and TV facilities for election propaganda.

Meanwhile, the Comelec will disallow the tabulation of partial results of election returns at the precinct level to avoid confusion when the final results come in. Savellano, who issued the order, cited Section 213 of the Election Code on the proclamation of the result of the elections in every precinct. Upon completion of the election returns -- six copies in all -- the chairman of the board of election inspectors is supposed to read aloud the number of votes garnered by each candidate.

The restriction on the use of partial returns, however, is apparently intended to dissuade the National Movement for Free Elections (Namfrel) from using this means to get advanced tabulation results, the way the citizens arm did in the 1984 Batasang Pambansa polls. But Jose Concepcion, Namfrel chairman, said in a recent statement that his group would no longer tabulate partial results on the precinct level. He asked the Comelec to provide his group with the copy of the official election returns so that the tabulation will be limited to the final results.

Savellano said he would ask Namfrel to join forces with Comelec for a fast and accurate quick count or advance tabulation of election results.

#### MALAYA EXAMINES INVESTMENT SITUATION, PROSPECTS

HK150849 Quezon City ANG PAHAYAGANG MALAYA in English 6 Jan 86 p 7

[By Rosa Ocampo]

[Text] The current political uncertainties and two consecutive years of stunted economic growth continue to demoralize Filipino investors while making foreign investors wary about further exposure in the Philippines.

The National Economic Development Authority [NEDA] estimates that the gross capital formation -- the broad measure of investments -- in 1985 went down by a hefty 14.8 per cent to P13.5 billion from the previous year's P15.85 billion. NEDA figures also show that the industrial sector contracted by 10.7 per cent because of the 7.9 per cent slowdown in manufacturing and 29.6 per cent in construction.



The Board of Investments [BOI] is less sanguine on the investment climate this year due to below-par performance during the first half of the year. BOI-approved equity investments from January to June alone declined sharply by 29 per cent to P2.12 billion from P2.99 billion during the same period in 1984.

Of the amount, domestic investments went down by 36 per cent to P923 million from P1.46 billion during the same period in 1984. Total foreign investments also went down by 21 per cent to P1.2 billion from P1.53 billion.

Trade and Industry Minister Roberto Ongpin who is also BOI chief admitted that investors' confidence in the Philippine economy is "clearly at an ebb" because of tight economic measures the government has been adopting since the foreign exchange crisis in October 1983. These IMF-dictated austerity measures, such as credit restraints, high interest rates, limited money supply and forex control have led to the closure of many business enterprises and heavy capital withdrawals. Ongpin said these measures would this year pave the way for the much-touted economic recovery which did not take place as expected in 1985.

But Aurelio Periquet, Jr., president of the Philippine Chamber of Commerce and Industry [PCCI], thinks otherwise. Periquet said the conduct and results of the coming snap election is the "single most important factor influencing business prospects for both 1986 and the longer term." Election spending estimated to reach P10 billion for both the Feb. 7 snap and May local elections could fuel rises in inflation, Periquet said. Massive expenditures could increase liquidity or the money in circulation which may prompt the central bank to once again restrict credit by pushing upwards the interest rate.

Notwithstanding the government's success in reducing 1985 annualized inflation rate to 23.11 per cent from a high of 60 per cent in 1984 and interest rates to 20 per cent also from 60 per cent, the gross national product (GNP) contracted by 3.95 per cent. The GNP drop stems mainly from the estimated 15 per cent export decline, snags and delays in the restructuring of \$5.8 billion in foreign loans which dried up financing.

Right off, a flash PCCI survey shows that sales volume of 16 industry sectors have gone down from 5 to 85 per cent while 56 industry associations surveyed complained of six major problems: high interest rates, shrinking market, credit availability, forex availability, labor problems, and lack of raw materials supply. Production capacity is down by as much as 60 per cent due to slack demand to the extent that a number of industries are forced to operate at a loss.

But while economic factors play a vital role in setting up the investment climate, businessmen are agreed that investors' confidence will not be restored so long as the political front continues to be fraught with uncertainties. Even with the snap election in February, a wait-and-see attitude is prevalent.

The Sandiganbayan decision shook business confidence to the extent that some sectors are reportedly mulling the idea of stashing their money abroad instead of taking the risks here.

The snap poll, on the other hand, could unleash new events that may just worsen the state of uncertainty, thereby deterring foreign and domestic investors from maintaining their investments here according to Vicente Jayme, vice-chairman of the National Citizens Movement for Free Elections.

So long as businessmen refuse to invest here, it will mean a prolonged situation marked by less jobs available, less household income, more company losses and closures. These possibilities could also derail the economic recovery targeted for this year where NEDA projects a 1.6 GNP growth.

**BULLETIN TODAY REPORTS RECENT DEBT RESTRUCTURING**

HK131003 Manila BULLETIN TODAY in English 11 Jan 86 p 15

[Text] Approximately \$2.913 billion representing 90.77 percent of the total restructurable foreign debt of the public sector, has been restructured for a new term of 10 years with the signing of the agreements in New York yesterday by the Central Bank [CB] and six other government-owned and -controlled corporations with their respective servicing banks. This leaves only \$296 million in public sector debt still to be worked out under a restructuring agreement, according to Central Bank senior Deputy Governor Gabriel C. Singson.

Prime Minister Cesar Virata signed the agreement for and in behalf of the government as guarantor of the restructured loans, CB Gov. Jose B. Fernandez Jr. for the CB and the presidents of the six other government firms.

The CB accounted for the bulk of the restructured debt because of its foreign loans incurred under its consolidated foreign borrowing program and the debt whose peso repayment by private sector borrowers has already been made but foreign currency corresponding to such repayment could not yet be arranged.

The other borrowers include the Development Bank of the Philippines, whose servicing bank was Bank of Tokyo Ltd., Philippine National Bank and its subsidiary, National Investment and Development Corp., whose servicing bank was Chase Manhattan, National Power Corporation whose serving bank was Bank of America, Philippine National Oil Company, serviced by Chase, and Philippine Airlines, serviced by the Chemical Bank of New York.

At the same time, Singson announced that the CB has drawn yesterday the \$173 million second installment from the \$925 million new money facility, leaving only \$325 million still to be released. Release of this final installment is linked to the final disbursement by the International Monetary Fund of the remaining tranche of SDR [special drawing rights] 191 million.

Singson said other public sector creditors are now working on their respective restructuring agreements with various creditors to complete the restructuring process for public sector debt. He said the entire agreements for the restructurable public sector debt may be completed by March or April. What remains to be signed are the debt of private sector corporate borrowers estimated at \$2.1 billion whose restructuring agreements under various options outlined by the Central Bank is being handled by the Private Sector Debt Restructuring and Repayment Corp.

Covered by the restructuring scheme as agreed upon with the creditor banks are principal maturities of public sector and private sector debts maturing between Oct. 17, 1983 and Dec. 31, 1986.

As restructured, the public sector debts will now have a new tenor, with a term of 10 years from Dec. 31, 1984 with five-year grace period. The cost of borrowings has likewise been adjusted slightly upwards from their original rate to 1-5/8 percent over the London inter-bank offered rate or the comparable domestic pricing which is the adjusted CD (certificate of deposit) rate for dollar loans.

TIMES JOURNAL OUTLINES NEW SALES TAX EXEMPTIONS

HK130941 Manila TIMES JOURNAL in English 11 Jan 86 p 8

[Text] Subsequent sale of manufactured oils, fuels (except lubricating oil), processed gas, grease, wax and petroleum, newspapers, magazines, .22 caliber firearms and cartridges as well as other forms of ammunitions sold to the Armed Forces of the Philippines are among those exempted from the new sales tax imposed by the government.

The other day, the government announced the adoption of a turnover tax of 1.5 percent, abandoning its original plan to impose a second-sale tax of three percent. Also exempted from the new sales tax scheme is the original sale of a manufacturer, producer or importer of articles subject to excise tax and miller's tax under section 168 of the Internal Revenue Code.

The other exemptions incorporated in the new decree amending the revenue code are the following:

Articles shipped or exported by the manufacturer, producer, or trader;

Sales by "registered export producers" to other export producers, registered export traders, and foreign tourists or travelers which are considered export sales;

Sales by manufacturers, producers or traders direct to foreign tourists and paid for in convertible currency, if the articles sold are actually brought out of the country by the buyers upon their departure; and

Those that may be granted by the President upon recommendation of the National Economic Development Authority (NEDA) in the interest of economic development.

Tax credits will be allowed in some cases under the new decree imposing the new sales tax. Tax credits may be claimed for excise, sales or miller's tax paid on locally manufactured, processed, produced or imported raw materials, part, accessory or other article locally purchased or imported by the manufacturer, for conversion into or intended to form part of any finished product.

The decree also provides that in the case of purchase of raw materials, parts and accessories by a manufacturer from a duly registered and accredited dealer, the amount of tax passed on to the dealer as well as the sales tax on subsequent sale, if indicated as separate items in the dealer's sales invoice, shall be allowed as credits against the sales tax due on the finished product.

Any advance sales tax paid on imported articles shall be allowed as credits against the sales tax due on the original sale of much imported articles.

CENTRAL BANK DISCOUNTS ADB STUDY FINDINGS

HK130939 Manila METRO MANILA TIMES in English 11 Jan 86 p 10

[Text] A ranking official of the Central Bank (CB) yesterday brushed aside the conclusions of a study by the Asian Development Bank (ADB) referring to the stunted development of the local capital market and the misallocation of rediscounting funds. The source said the points raised by ADB no longer applied since these had been "corrected fully or partially." The study looked into the development of the capital markets in six Asian countries including the Philippines.



~~The recently-released study~~ concluded that the releases from the rediscounting window benefitted largely wealthy and powerful groups instead of the real target beneficiaries like small farm borrowers because the allocative system of rediscounting was not always governed by economic but by political factors. The source said the rediscounting system had recently been transformed from being allocative to a liquidity mechanism. The allocative system of rediscounting means the CB dictates how much money would be lent to various sectors which it considers priority areas.

He said with the recent introduction of near-market rediscounting rates of 12.75 percent from previous levels of three percent, the liquidity character rediscounting took form. Under the present set-up, the source said, the banks were now the ones deciding where to channel the money and their decisions were "almost always free of political color."

The source skirted a point raised by the ADB study alleging that the wealthy and the powerful benefited from the old rediscounting system. He said the small borrowers like rural banks incurred so much arrearages and hence were high-risk borrowers, while the bigger commercial banks had "never" incurred arrearages with the rediscounting window.

The study was actually referring to the access of the sugar industry to CB rediscounting funds to the prejudice of other business sectors particularly more reliable exporters like producers of non-traditional goods.

He also said the addition of the coconut industry as being eligible for rediscounting was necessary because it supported a large portion of the population.

The ADB also pointed out that the government intervention in the movement of interest rates had discouraged more savings generation since the resulting interest rates were lower than the prevailing inflation rates.

The study said in 1980 and 1981, interest rates in the six countries were negative in real terms because the government were trying to achieve certain economic targets like reducing the cost of investments.

#### BLACK MARKET FOREIGN EXCHANGE RATE MOVES UPWARD

HK130921 Manila PHILIPPINES DAILY EXPRESS in English 11 Jan 86 p 8

[By George T. Nervez]

[Excerpt] The foreign exchange blackmarket rate, usually a barometer of capital flight, shot up in the past two days to P19.90 to \$1, according to sources closely linked to the Binondo Central Bank. The blackmarket rate for telegraphic transfers, which is the preferred instrument by blackmarket traders, had been hovering between P19.40-P19.50 to \$1, for some time, they said. The exchange rate for greenbacks is usually lower by about P20 for every \$1 compared to telegraphic transfers.

On the other hand, banks which are the authorized foreign exchange dealers, were quoting selling rate of P19.389 to \$1. They were buying at P18.865 based on the interbank guiding rate of P19.008 to \$1.

Blackmarket trading, widely known to be closely supervised by some high government officials, has been feverish in the past two days, the sources said.

A top banker said there was a 'lot of money' floating around resulting in renewed speculation on the peso. Another banker said the surge in the blackmarket rate was intended to be a "come-on" for those who have stashed funds abroad or in dollar accounts in order to bring in money for election purposes.

Banking circles were also rife with talk of a "major" development over the weekend that could have a bearing on the foreign exchange rate.

#### PHILSUMA TO ENGAGE IN DOMESTIC SUGAR TRADING

HK131007 Manila BULLETIN TODAY in English 11 Jan 86 p 16

[By J.C. Concepcion]

[Text] The Philippine Sugar Marketing Corp. (Philsuma) will engage in the domestic trading of sugar on a nonexclusive basis in addition to its function as the sole marketing agency for sugar exports. Presidential Decree [PD] No 2005, which extended the corporate term of the National Sugar Trading Corp. (Nasutra) until the end of this month, provides that Philsuma will engage both in the export and domestic trading of sugar beginning with the 1985-1986 sugar crop.

Before the issuance of the new Presidential directive, there had been debates among the different sectors of the sugar industry on whether Philsuma will be allowed to engage in domestic sugar trading and to what extent.

The corporate life of Nasutra was extended until the end of this month because it still has pending contractual commitments, particularly export shipments pertaining to the 1984-1985 sugar crop which may take up to the end of January this year to ship out.

PD 1971, as amended by PD 1984, provided among others for the phasing out of Nasutra by Dec. 31, 1985 and the transfer of its sugar trading functions to Philsuma which is a private entity. PD 1971 provides for the phaseout of Nasutra as soon as it completes the export shipments of 1984-1985 sugar but not later than Jan. 31, 1986. Under the new directive, Philsuma will be offered for subscription to sugar producers, which include planters and millers, in proportion to their actual production.

At present, Philsuma is still trying to raise a P250 million loan from a syndicate of banks that will be used by the entity as initial working capital. It was earlier reported that Philsuma was able to raise financing from various foreign sources to finance its sugar export shipments to the United States under the latter's sugar quota.

#### BULLETIN TODAY APPLAUDS CONTROL OF INFLATION

HK140641 Manila BULLETIN TODAY in English 13 Jan 86 p 6

[Editorial: "Fight Against Inflation"]

[Text] One of the achievements the administration can point to is the taming of inflation. In January, 1985 the inflation rate was recorded at about 45 percent. By the end of the year it had gone down to about 6 percent.

~~It may be true that this achievement was made possible by the close watch of the IMF over the economic magnitudes. Consider, however, that IMF guidance in Latin America failed in a number of instances to trim inflation to a two-digit figure. Thus, it may be argued that while IMF supervision is important, it is not by itself decisive. There must be in every case the full cooperation of the government and the population.~~

Most of the time, inflation is thought of as an economic index. When it is fast, people say something is wrong with the economy, and when it is down, they say the economy has improved. The rate of inflation is also a political index, but it is not often thought of as such by the pundits.

In a situation where people can feel the hot breath of a political emergency, they discontinue production, indulge in speculation, and start hoarding goods and valuables. In that case, inflation soars. Inflation is the handmaiden of political instability.

The downtrend in the prices of consumer goods in the past year as well as the present level of inflation should be regarded in contrast against the hypothetical situation above in order to get a more accurate view of the political picture. Regardless of the insurgency, there is relative economic and political stability. While there are forces of instability, it is not easy to destabilize a nation weaned on stability.

#### IMPORT PRESHIPMENT INSPECTION PLAN RECONSIDERED

HK140847 Manila BUSINESS DAY in English 13 Jan 86 p 2

[By reporter Daniel C. Yu]

[Text] A scandal involving the Swiss monitoring firm tapped by the Philippine Government to undertake pre-shipment inspection of imports has forced the government to reconsider its plan to immediately implement the pre-shipment inspection plan.

Highly placed industry sources disclosed to BUSINESS DAY last week that senior government officials finalizing the import liberalization plan have been informed of the "problem" and are now "rethinking" the timetable for implementing the scheme. In addition, sources said, the mounting opposition from importers over the inspection mechanism could force a further delay in the implementation of the plan which had earlier been set for Feb. 1.

President Marcos who earlier signed a letter of instruction appointing Societe Generale de Surveillance (SGS) to handle the preshipment inspection for the Philippine Government has issued another directive rescinding the earlier agreement signed with SGS.

The Swiss monitoring firm was tapped by the government late last year to act as the sole inspection agency to monitor Philippine-bound imports from a group of countries. The firm was appointed specifically to undertake the inspection of import shipments coming from these countries regarding quantity, quality and price. This scheme was also designed to curb smuggling activities.

Reports reaching BUSINESS DAY last week however uncovered a pending court case against SGS in Nigeria filed early last year naming the Swiss company as "part of a syndicate of firms and foreign businessmen involved in the illegal transfer of 98 million nairas (about \$100 million) out of Nigeria."



The filing of the case was reported in the April 4, 1985 issue of THE GUARDIAN, a Nigerian publication which reported that SGS "was named at the Lagos zone of the Exchange Control Tribunal as part of the syndicate."

Prior to the filing of the case, the government of Nigeria, in October 1984, severed its contact with SGS authorizing the Swiss firm to act as the sole inspection agency for all imports entering Nigerian ports.

The government of Nigeria contracted the services of SGS starting in January 1979, the publication reported. It further stated that the SGS's contract with Nigeria was considered very lucrative as this contract alone represented 60 percent of the firm's profits out of the total income coming from inspection activities it under-took all over the world.

Following the SGS controversy, the Nigerian government has decided that pre-shipment inspection pre-shipment inspection will now be handled by more than one company on a competitive basis along geographic divisions. For this purpose, Nigeria appointed Cotecha, Griffiths and Orion, Bureau Veritas, Theorile Inc., Swede Control and Interlek Services, Inc.

The Philippines decided to tap the services of SGS following reports from Indonesia which indicated that after it hired the Swiss firm, the Jakarta government was able to substantially curb smuggling in that country.

A number of importers in the country have also expressed their opposition to the pre-shipment inspection plan mainly because the hiring of a pre-shipment inspector would result in having import shipments checked twice.

Under the plan, the designation output surveyor is supposed to check imports shipments at the port of loading. Once the shipment arrives in the country, the Bureau of Customs will undertake a second check.

Importers fear that problems could crop up from this double inspection and could later result in higher rather than lower costs for them. "We will have to pay the services of the output surveyor to undertake the inspection and once our shipment arrives at the customs bureau, we have to pay another inspection fee," an importer noted yesterday.

At the same time, there is also the problem that findings of the two inspection groups may not tally. There may be instances when the output surveyor would give a go-signal for the shipment to be loaded but upon its arrival, the customs bureau would hold the shipment.

Sources said the government "may likely decide to go slow on the implementation of the plan" until after the problems are resolved.

In the case of the SGS, sources said the government has already received a written explanation from the Swiss firm on the Nigerian incident, but in the meantime, "the government has decided to play safe by rescinding an earlier agreement signed with SGS."

The posting of output surveyors is one component of a package of measures being rushed by the government to complement the lifting of import licensing starting this March.

CB ESTIMATES ON DEBT SERVICING, EXPORT INCOME

HK150825 Manila BUSINESS DAY in English 14 Jan 86 p 3

[By Rigoberto D. Tiglao]

[Text] The country's servicing of its foreign debt -- covering payments on both interest and principal -- reached \$3.1 billion last year, more than two-thirds of the estimated 1985 exports of \$4.7 billion. Sources at the Central Bank [CB] said that while the \$3.1 billion was only an estimate made during the last International Monetary Fund [IMF] performance review covering end-September figures, it is fairly accurate because it incorporates the debt service requirements of government and private corporations. These figures were submitted by these corporations to the CB.

BUSINESS DAY computations show that the Philippine debt service last year used up 9.7 percent of the country's total economic output in 1985, on the assumption that the dollar value of the gross national product (GNP) last year amounted to \$32 billion (arrived at by dividing the reported P607.425 billion GNP by the yearend exchange rate of P19 to \$1). The bulk of the debt service last year consisted of interest payments which amounted to \$2.8 billion, since the moratorium on principal repayments continued to be in effect throughout the year. The moratorium reduced the country's total debt service by \$1.2 billion. Without the moratorium, the total debt service has been estimated to amount to \$4.3 billion. While the debt service ratio -- the total interest payments and repayments on principal measured as a percentage of export receipts -- could not be determined because of the unavailability of yearend foreign exchange receipts from services and transfers, it was estimated to be in the 30 percent-35 percent range, lower than the 1984 ratio of 48 percent.

Estimates made by the CB show that the debt service for 1986 will increase by about \$300 million to \$3.4 billion. If the government fails to work out rescheduling agreements in the coming years, there will be a surge in the country's debt service requirements. The projected debt service for next year is \$4.8 billion and it will only dip slightly in the following two years.

The sources said the country's debt profile shows that multi-year reschedulings may have to be sought by the government, unless a commodity boom occurs in the world market which will allow the country to rely on its export earnings to service its debts without their having to be stretched out. To facilitate talks with the international banking community for subsequent debt rescheduling agreements, the government had committed in its letter of intent to the IMF that it will seek another standby arrangement with the Fund after the current one expires in June this year. Sources in the foreign banking community noted however that the "environment" for new debt rescheduling agreements will not be favorable this year. There is a growing nervousness in the world banking community on the prospects of the debt crisis largely because of the still unsure billion-dollar payments scheduled to be made by Mexico this year. Also, the policy statements by the Peruvian government that it will limit its debt servicing to 20 percent of the country's export receipts and the precedent set by Nigeria in refusing an IMF standby arrangement are making the world financial community edgy. All these are expected to make international banks more reluctant about extending new credits or postponing the payments on maturing obligations of countries with debt problems like the Philippines.

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17 JANUARY 1986



